



General Assembly

FEBRUARY SESSION, 2018

Raised Bill No. 5490

LCO No. 2234



Referred to Committee on BANKING

Introduced by:
(BA)

AN ACT CONCERNING CONSUMER CREDIT LICENSES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-1 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2018*):

3 This title shall be known as the "Banking Law of Connecticut" and
4 shall be applicable to all Connecticut banks, Connecticut credit unions,
5 mortgage lenders, mortgage correspondent lenders, mortgage brokers,
6 mortgage loan originators, loan processors or underwriters, money
7 transmitters, check cashers, trustees under mortgages or deeds of trust
8 of real property securing certain investments, corporations exercising
9 fiduciary powers, small loan lenders, sales finance companies,
10 mortgage servicers, debt adjusters, debt negotiators, consumer
11 collection agencies, student loan servicers, mortgage lead generators
12 and to such other persons as subject themselves to the provisions of
13 this title or who, by violating any of its provisions, become subject to
14 the penalties provided in this title.

15 Sec. 2. Section 36a-3 of the 2018 supplement to the general statutes is

16 repealed and the following is substituted in lieu thereof (*Effective*
17 *October 1, 2018*):

18 Other definitions applying to this title or to specified parts thereof
19 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Administrative expense". Section 36a-237.
- T4 "Advance fee". Sections 36a-485, as amended by this act, and 36a-615.
- T5 "Advertise", "advertisement" or "advertising". Sections 36a-485, 36a-535,
36a-586, 36a-596, 36a-655, 36a-671 and 36a-846, as amended by this act.
- T6 "Agency bank". Section 36a-285.
- T7 "Agent". Section 36a-494, as amended by this act.
- T8 "Alternative mortgage loan". Section 36a-265.
- T9 "Amount financed". Section 36a-690.
- T10 "Annual percentage rate". Section 36a-690.
- T11 "Annual percentage yield". Section 36a-316.
- T12 "Annuities". Section 36a-455a.
- T13 "Applicant". Section 36a-736.
- T14 "APR". Section 36a-746a.
- T15 "Assessment area". Section 36a-37.
- T16 "Assets". Section 36a-70.
- T17 "Associate". Section 36a-184.
- T18 "Associated member". Section 36a-458a.
- T19 "Authorized delegate". Section 36a-596, as amended by this act.
- T20 "Bank". Section 36a-30.
- T21 "Bankers' bank". Section 36a-70.
- T22 "Banking business". Section 36a-425.
- T23 "Basic services". Section 36a-437a.
- T24 "Billing cycle". Section 36a-565, as amended by this act.
- T25 "Bona fide nonprofit organization". Sections 36a-487 and 36a-655, as
amended by this act.
- T26 "Branch". Sections 36a-145, 36a-410 and 36a-435b.

- T27 "Branch office". Sections 36a-485, as amended by this act, and 36a-715, as amended by this act.
- T28 "Branch or agency net payment entitlement". Section 36a-428n.
- T29 "Branch or agency net payment obligation". Section 36a-428n.
- T30 "Broker". Section 36a-746a.
- T31 "Business and industrial development corporation". Section 36a-626.
- T32 "Business and property in this state". Section 36a-428n.
- T33 "Capital". Section 36a-435b.
- T34 "Cash advance". Section 36a-564, as amended by this act.
- T35 "Cash price". Section 36a-770.
- T36 "Certificate of incorporation". Section 36a-435b.
- T37 "CHFA loan". Section 36a-760.
- T38 "Clerical or support duties". Section 36a-485, as amended by this act.
- T39 "Closely related activities". Sections 36a-250 and 36a-455a.
- T40 "Collective managing agency account". Section 36a-365.
- T41 "Commercial vehicle". Section 36a-770.
- T42 "Community bank". Section 36a-70.
- T43 "Community credit union". Section 36a-37.
- T44 "Community development bank". Section 36a-70.
- T45 "Community reinvestment performance". Section 36a-37.
- T46 "Connecticut holding company". Sections 36a-53 and 36a-410.
- T47 "Consolidate". Section 36a-145.
- T48 "Construction loan". Section 36a-458a.
- T49 "Consumer". Sections 36a-155 and 36a-695.
- T50 "Consumer Credit Protection Act". Section 36a-676.
- T51 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800, as amended by this act.
- T52 "Consumer collection agency". Section 36a-800, as amended by this act.
- T53 "Consummation". Section 36a-746a.
- T54 "Control person". Sections 36a-485, as amended by this act, 36a-535, as amended by this act, 36a-580, as amended by this act, 36a-596, as amended by this act, 36a-655, as amended by this act, 36a-671, as amended by this act, and 36a-846, as amended by this act.
- T55 "Controlling interest". Section 36a-276.

- T56 "Conventional mortgage rate". Section 36a-760.
- T57 "Corporate". Section 36a-435b.
- T58 "Credit". Section 36a-645.
- T59 "Credit manager". Section 36a-435b.
- T60 "Creditor". Sections 36a-676, 36a-695 and 36a-800, as amended by this act.
- T61 "Credit clinic". Section 36a-700.
- T62 "Credit rating agency". Section 36a-695.
- T63 "Credit report". Section 36a-695.
- T64 "Credit union service organization". Section 36a-435b.
- T65 "Credit union service organization services". Section 36a-435b.
- T66 "De novo branch". Section 36a-410.
- T67 "Debt". Section 36a-645.
- T68 "Debt adjustment". Section 36a-655, as amended by this act.
- T69 "Debt buying". Section 36a-800, as amended by this act.
- T70 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T71 "Debt negotiation". Section 36a-671, as amended by this act.
- T72 "Debt securities". Sections 36a-275 and 36a-459a.
- T73 "Debtor". [Section] Sections 36a-655, as amended by this act, and 36a-671,
as amended by this act.
- T74 "Deliver". Section 36a-316.
- T75 "Deposit". Section 36a-316.
- T76 "Deposit account". Section 36a-316.
- T77 "Deposit account charge". Section 36a-316.
- T78 "Deposit account disclosures". Section 36a-316.
- T79 "Deposit contract". Section 36a-316.
- T80 "Deposit services". Section 36a-425.
- T81 "Depositor". Section 36a-316.
- T82 "Depository institution". Section 36a-485, as amended by this act.
- T83 "Derivative transaction". Section 36a-262.
- T84 "Director". Section 36a-435b.
- T85 "Dwelling". Section 36a-485, as amended by this act.
- T86 "Earning period". Section 36a-316.
- T87 "Electronic payment instrument". Section 36a-596, as amended by this act.
- T88 "Eligible collateral". Section 36a-330.

- T89 "Eligible entity". Section 36a-34.
- T90 "Employee". Section 36a-485, as amended by this act.
- T91 "Entity". Section 36a-380.
- T92 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T93 "Equity security". Sections 36a-276 and 36a-459a.
- T94 "Executive officer". Sections 36a-263 and 36a-469c.
- T95 "Expedited Connecticut bank". Section 36a-70.
- T96 "Experience in the mortgage business". Section 36a-488, as amended by this act.
- T97 "Federal banking agency". Section 36a-485, as amended by this act.
- T98 "Federal Credit Union Act". Section 36a-435b.
- T99 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T100 "FHA loan". Section 36a-760.
- T101 "Fiduciary". Section 36a-365.
- T102 "Filing fee". Section 36a-770.
- T103 "Finance charge". Sections 36a-690 and 36a-770.
- T104 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316, 36a-330, 36a-435b, 36a-736 and 36a-755.
- T105 "Financial records". Section 36a-41.
- T106 "First mortgage loan". Sections 36a-485, as amended by this act, 36a-705 and 36a-725.
- T107 "Foreclosure rescue services". Section 36a-671, as amended by this act.
- T108 "Foreign banking corporation". Section 36a-425.
- T109 "Fully indexed rate". Section 36a-760b.
- T110 "General facility". Section 36a-580, as amended by this act.
- T111 "Global net payment entitlement". Section 36a-428n.
- T112 "Global net payment obligation". Section 36a-428n.
- T113 "Goods". Sections 36a-535, as amended by this act, and 36a-770.
- T114 "Graduated payment mortgage loan". Section 36a-265.
- T115 "Guardian". Section 36a-365.
- T116 "High cost home loan". Section 36a-746a.
- T117 "Holder". Section 36a-596, as amended by this act.
- T118 "Home improvement loan". Section 36a-736.
- T119 "Home purchase loan". Section 36a-736.

- T120 "Home state". Section 36a-410.
- T121 "Housing finance agency". Section 36a-487, as amended by this act.
- T122 "Immediate family member". Sections 36a-435b and 36a-485, as amended by this act.
- T123 "Independent contractor". Section 36a-485, as amended by this act.
- T124 "Individual". Section 36a-485, as amended by this act.
- T125 "Insider". Section 36a-454b.
- T126 "Installment loan contract". Sections 36a-535, as amended by this act, and 36a-770.
- T127 "Insurance". Section 36a-455a.
- T128 "Insurance bank". Section 36a-285.
- T129 "Insurance department". Section 36a-285.
- T130 "Interest". Section 36a-316.
- T131 "Interest rate". Section 36a-316.
- T132 "Interim interest". Section 36a-746a.
- T133 "Investments". Section 36a-602, as amended by this act.
- T134 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T135 "Lessor". Section 36a-676.
- T136 "License". Section 36a-626.
- T137 "Licensee". Sections 36a-596, as amended by this act, 36a-607, as amended by this act, and 36a-626.
- T138 "Limited branch". Section 36a-145.
- T139 "Limited facility". Section 36a-580, as amended by this act.
- T140 "Loan broker". Section 36a-615.
- T141 "Loan processor or underwriter". Section 36a-485, as amended by this act.
- T142 "Loss". Section 36a-330.
- T143 "Made in this state". Section 36a-770.
- T144 "Main office". Section 36a-485, as amended by this act.
- T145 "Managing agent". Section 36a-365.
- T146 "Manufactured home". Section 36a-457b.
- T147 "Member". Section 36a-435b.
- T148 "Member business loan". Section 36a-458a.
- T149 "Member in good standing". Section 36a-435b.
- T150 "Membership share". Section 36a-435b.

- T151 "Mobile branch". Sections 36a-145 and 36a-435b.
- T152 "Monetary value". Section 36a-596, as amended by this act.
- T153 "Money transmission". Section 36a-596, as amended by this act.
- T154 "Mortgage". Section 36a-760g.
- T155 "Mortgage broker". Sections 36a-485, as amended by this act, 36a-705 and 36a-760.
- T156 "Mortgage correspondent lender". Section 36a-485, as amended by this act.
- T157 "Mortgage insurance". Section 36a-725.
- T158 "Mortgage lender". Sections 36a-485, as amended by this act, 36a-705 and 36a-725.
- T159 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.
- T160 "Mortgage loan originator". Section 36a-485, as amended by this act.
- T161 "Mortgage rate lock-in". Section 36a-705.
- T162 "Mortgage servicer". Section 36a-715, as amended by this act.
- T163 "Mortgagee". Sections 36a-671, as amended by this act, and 36a-715, as amended by this act.
- T164 "Mortgagor". Sections 36a-671, as amended by this act, and 36a-715, as amended by this act.
- T165 "Motor vehicle". Section 36a-770.
- T166 "Multiple common bond membership". Section 36a-435b.
- T167 "Municipality". Section 36a-800, as amended by this act.
- T168 "Net outstanding member business loan balance". Section 36a-458a.
- T169 "Net worth". Sections 36a-441a and 36a-458a.
- T170 "Network". Section 36a-155.
- T171 "Nonprime home loan". Section 36a-760.
- T172 "Nonrefundable". Section 36a-498, as amended by this act.
- T173 "Nontraditional mortgage product". Section 36a-489a, as amended by this act.
- T174 "Note account". Sections 36a-301 and 36a-456b.
- T175 "Office". Sections 36a-23, 36a-316 and 36a-485, as amended by this act.
- T176 "Officer". Section 36a-435b.
- T177 "Open-end line of credit". Section 36a-760.
- T178 "Open-end loan". Section 36a-565, as amended by this act.
- T179 "Organization". Section 36a-800, as amended by this act.

- T180 "Out-of-state holding company". Section 36a-410.
- T181 "Outstanding". Section 36a-596, as amended by this act.
- T182 "Passbook savings account". Section 36a-316.
- T183 "Payment instrument". Section 36a-596, as amended by this act.
- T184 "Periodic statement". Section 36a-316.
- T185 "Permissible investment". Section 36a-596, as amended by this act.
- T186 "Person". Sections 36a-184 and 36a-485, as amended by this act.
- T187 "Post". Section 36a-316.
- T188 "Prepaid finance charge". Section 36a-746a.
- T189 "Prime quality". Section 36a-596, as amended by this act.
- T190 "Principal amount of the loan". Section 36a-485, as amended by this act.
- T191 "Processor". Section 36a-155.
- T192 "Public deposit". Section 36a-330.
- T193 "Purchaser". Section 36a-596, as amended by this act.
- T194 "Qualified financial contract". Section 36a-428n.
- T195 "Qualified public depository" and "depository". Section 36a-330.
- T196 "Real estate". Section 36a-457b.
- T197 "Real estate brokerage activity". Section 36a-485, as amended by this act.
- T198 "Records". Section 36a-17, as amended by this act.
- T199 "Registered mortgage loan originator". Section 36a-485, as amended by this act.
- T200 "Related person". Section 36a-53.
- T201 "Relocate". Sections 36a-145 and 36a-462a.
- T202 "Residential mortgage loan". Section 36a-485, as amended by this act.
- T203 "Residential property". Section 36a-671, as amended by this act.
- T204 "Residential real estate". Section 36a-485, as amended by this act.
- T205 "Resulting entity". Section 36a-34.
- T206 "Retail buyer". Sections 36a-535, as amended by this act, and 36a-770.
- T207 "Retail credit transaction". Section 42-100b.
- T208 "Retail installment contract". Sections 36a-535, as amended by this act, and 36a-770.
- T209 "Retail installment sale". Sections 36a-535, as amended by this act, and 36a-770.
- T210 "Retail seller". Sections 36a-535, as amended by this act, and 36a-770.

- T211 "Reverse annuity mortgage loan". Section 36a-265.
- T212 "Sales finance company". Sections 36a-535, as amended by this act, and 36a-770.
- T213 "Savings department". Section 36a-285.
- T214 "Savings deposit". Section 36a-316.
- T215 "Secondary mortgage loan". Section 36a-485, as amended by this act.
- T216 "Security convertible into a voting security". Section 36a-184.
- T217 "Senior management". Section 36a-435b.
- T218 "Servicing". Section 36a-846, as amended by this act.
- T219 "Settlement agent". Section 36a-494, as amended by this act.
- T220 "Share". Section 36a-435b.
- T221 "Short sale". Section 36a-671, as amended by this act.
- T222 "Simulated check". Section 36a-485, as amended by this act.
- T223 "Single common bond membership". Section 36a-435b.
- T224 "Special mortgage". Section 36a-760c.
- T225 "Social purpose investment". Section 36a-277.
- T226 "Sponsored". Section 36a-485, as amended by this act.
- T227 "Standard mortgage loan". Section 36a-265.
- T228 "Stored value". Section 36a-596, as amended by this act.
- T229 "Student education loan". Section 36a-846, as amended by this act.
- T230 "Student loan borrower". Section 36a-846, as amended by this act.
- T231 "Student loan servicer". Section 36a-846, as amended by this act.
- T232 "Table funding agreement". Section 36a-485, as amended by this act.
- T233 "Tax and loan account". Sections 36a-301 and 36a-456b.
- T234 "The Savings Bank Life Insurance Company". Section 36a-285.
- T235 "Time account". Section 36a-316.
- T236 "Travelers check". Section 36a-596, as amended by this act.
- T237 "Troubled Connecticut credit union". Section 36a-448a.
- T238 "Unique identifier". Section 36a-485, as amended by this act.
- T239 "Unsecured loan". Section 36a-615.
- T240 "Value". Section 36a-603.
- T241 "Virtual banking". Section 36a-170.
- T242 "Warehouse agreement". Section 36a-485, as amended by this act.

20 Sec. 3. Section 36a-17 of the general statutes is repealed and the
21 following is substituted in lieu thereof (*Effective October 1, 2018*):

22 (a) The commissioner, in the commissioner's discretion and as often
23 as the commissioner deems necessary to carry out the purposes of
24 applicable law and the duties of the commissioner, may, subject to the
25 provisions of section 36a-21 and the Freedom of Information Act, as
26 defined in section 1-200: [] (1) [make] Make, within or outside this
27 state, such public or private investigations or examinations [within or
28 outside this state,] concerning any person subject to the jurisdiction of
29 the commissioner; [as the commissioner deems necessary to carry out
30 the duties of the commissioner,] (2) require or permit any person to
31 testify, produce a record or file a statement in writing, under oath, or
32 otherwise as the commissioner determines, as to all the facts and
33 circumstances concerning the matter to be investigated or about which
34 an action or proceeding is pending; [] and (3) publish information
35 concerning any violation of any provision of the general statutes
36 within the jurisdiction of the commissioner or any regulation or order
37 adopted or issued under such provision.

38 (b) Any Connecticut bank, Connecticut credit union or Connecticut
39 credit union service organization which causes or has caused any
40 electronic data processing services to be performed for such bank,
41 credit union or credit union service organization either on or off its
42 premises by an electronic data processing servicer shall enter into a
43 written contract with such servicer. Such contract shall specify the
44 duties and responsibilities of the bank, credit union or credit union
45 service organization and such servicer and provide that such servicer
46 shall allow the commissioner to examine such servicer's [books,]
47 records [and computer systems] in accordance with this subsection, if
48 required by the commissioner. The Connecticut bank, Connecticut
49 credit union or Connecticut credit union service organization shall
50 promptly notify the commissioner of any material change in its
51 electronic data processing services. In the case of a material change
52 which triggers a notice requirement under 12 USC 1867, a Connecticut

53 bank may satisfy the notice requirements of this subsection by
54 providing the commissioner with a copy of the notice provided to the
55 Federal Deposit Insurance Corporation under 12 USC 1867. The
56 commissioner may examine the [books,] records [and computer
57 systems] of any electronic data processing servicer that performs
58 electronic data processing services for a Connecticut bank, Connecticut
59 credit union or Connecticut credit union service organization, if such
60 services substantially impact the operations of the Connecticut bank,
61 Connecticut credit union or Connecticut credit union service
62 organization as determined by the commissioner, in order to (1)
63 determine whether such servicer has the capacity to protect the
64 customer information of such bank, credit union or credit union
65 service organization, and (2) assess such servicer's potential for
66 continued service. The commissioner may assess a fee of one hundred
67 fifty dollars per day plus costs for each examiner who conducts such
68 examination, the total cost of which the commissioner may allocate on
69 a pro rata basis to all Connecticut banks, Connecticut credit unions and
70 Connecticut credit union service organizations under contract with
71 such servicer.

72 (c) For the purpose of any investigation, examination or proceeding
73 under this title the commissioner may administer oaths and
74 affirmations, [subpoena witnesses, compel attendance of witnesses,
75 take evidence, require written statements and require the production
76 of any records which the commissioner deems relevant or material]
77 take evidence, direct, order, subpoena or compel the attendance of and
78 examine under oath all persons whose testimony may be required
79 about the business or subject matter of any such investigation,
80 examination or proceeding, and direct, order or subpoena such person
81 to produce records the commissioner deems relevant or material. The
82 commissioner may require that certified copies of any such records be
83 provided to the commissioner at the commissioner's office. The
84 commissioner may issue subpoenas in this state at the request of
85 another state, provided (1) the activities concerning which the

86 information is sought would constitute a basis for an investigation,
87 examination or proceeding under this title had such activities occurred
88 in this state, and (2) such other state has reciprocal legal authority to
89 issue subpoenas in such state on behalf of the commissioner.

90 (d) In addition to any authority provided under this section, the
91 commissioner shall have the authority to conduct investigations and
92 examinations as follows:

93 (1) For the purposes of issuing, renewing, suspending, conditioning,
94 revoking or terminating any license issued on the system, or for any
95 general or specific inquiry or investigation of persons engaged in a
96 business or activity subject to licensure by the commissioner on the
97 system to determine compliance with applicable law, the
98 commissioner may access, receive and use any records, information or
99 evidence, including, but not limited to: (A) Criminal, civil and
100 administrative history information; (B) personal history and
101 experience information, including, but not limited to, independent
102 credit reports obtained from a consumer reporting agency described in
103 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a; and (C)
104 any other records, information or evidence the commissioner deems
105 relevant to the inquiry or investigation, regardless of the location,
106 possession, control or custody of such records, information or
107 evidence.

108 (2) In conducting any examination or investigation authorized by
109 this subsection, the commissioner may control access to any records of
110 the person under examination or investigation. The commissioner may
111 take possession of the records or place a person in exclusive charge of
112 the records in the place where such records are usually kept. During
113 the period of control, no person shall remove or attempt to remove any
114 of the records except pursuant to a court order or with the consent of
115 the commissioner. Unless the commissioner has reasonable grounds to
116 believe the records of the person under examination or investigation
117 have been, or are at risk of being, altered or destroyed for purposes of

118 concealing a violation of applicable law, the owner of the records shall
119 have access to the records as necessary to conduct its ordinary business
120 affairs.

121 (3) In order to carry out the provisions of this subsection, the
122 commissioner may:

123 (A) Retain attorneys, accountants or other professionals and
124 specialists as examiners, auditors or investigators to conduct or assist
125 in the conduct of examinations or investigations;

126 (B) Enter into agreements or relationships with other government
127 officials or regulatory associations to improve efficiencies and reduce
128 regulatory burden by sharing resources, standardized or uniform
129 methods or procedures, records, information or evidence obtained
130 under this subsection;

131 (C) Use, hire, contract or employ public or privately available
132 analytical systems, methods or software to examine or investigate the
133 person;

134 (D) In lieu of conducting an examination or investigation, accept
135 and rely upon examination or investigation reports made by another
136 state or federal supervisory agency, any organization affiliated with or
137 representing such supervisory agency, or any other government
138 official, within or outside this state. Any examination or investigation
139 report that is accepted and relied upon by the commission shall be
140 considered an official examination or investigation report of the
141 commissioner; and

142 (E) Accept audit reports made by an independent certified public
143 accountant. Such reports may be considered an official examination or
144 investigation report of the commissioner, or incorporated in the
145 commissioner's official report of examination or investigation, or any
146 other writing.

147 [(d)] (e) Any person who is the subject of any [such] inquiry,
148 investigation, examination or proceeding pursuant to this section shall
149 (1) make its records available to the commissioner in readable form; (2)
150 provide personnel and equipment necessary, including, but not
151 limited to, assistance in the analysis of computer-generated records; (3)
152 provide copies or computer printouts of records when so requested; (4)
153 make or compile reports or prepare other information as directed by
154 the commissioner in order to carry out the purposes of this section,
155 including accounting compilations, information lists and dates of
156 transactions in a format prescribed by the commissioner or such other
157 information as the commissioner deems necessary to carry out the
158 purposes of this section; (5) furnish unrestricted access to all areas of
159 its principal place of business or wherever records may be located; and
160 (6) otherwise cooperate with the commissioner.

161 [(e)] (f) The superior court for the judicial district of Hartford, upon
162 application of the commissioner, may issue to any person refusing to
163 obey a subpoena issued pursuant to subsection (c) of this section an
164 order requiring that person to appear before the commissioner or any
165 officer designated by the commissioner to produce records so ordered
166 or to give evidence concerning the matter under investigation or in
167 question. Failure to obey the order of the court may be punished by the
168 court as a contempt of court.

169 (g) No person subject to inquiry, investigation, examination or
170 proceeding under this section may knowingly withhold, abstract,
171 remove, mutilate, destroy or secrete any records or information.

172 (h) The authority of this section shall remain in effect, whether a
173 person acts or claims to act under any licensing, registration or other
174 authorizing requirement of the law of this state, or claims to act
175 without such authority.

176 [(f)] (i) As used in this section, "records" includes, but is not limited
177 to, books, accounts, papers, files, correspondence, memoranda,

178 agreements, diaries, logs, notes, ledgers, journals, visual, audio,
179 magnetic or electronic recordings, computer printouts, [and] software,
180 computer systems and any other documents in any form.

181 Sec. 4. Subsection (c) of section 36a-51 of the general statutes is
182 repealed and the following is substituted in lieu thereof (*Effective*
183 *October 1, 2018*):

184 (c) (1) Any licensee may surrender any license issued by the
185 commissioner under any provision of the general statutes by
186 surrendering the license to the commissioner in person or by
187 registered or certified mail, provided, in the case of a license issued
188 through the system, as defined in section 36a-2, such surrender shall be
189 initiated by filing a request to surrender on the system. No surrender
190 on the system shall be effective until the request to surrender is
191 accepted by the commissioner. Surrender of a license shall not affect
192 the licensee's civil or criminal liability, or affect the commissioner's
193 ability to impose an administrative penalty on the licensee pursuant to
194 section 36a-50 for acts committed prior to the surrender. If, prior to
195 receiving the license, or, in the case of a license issued through the
196 system prior to the filing of a request to surrender a license, the
197 commissioner has instituted a proceeding to suspend, revoke or refuse
198 to renew such license, such surrender or request to surrender will not
199 become effective except at such time and under such conditions as the
200 commissioner by order determines. If no proceeding is pending or has
201 been instituted by the commissioner at the time of surrender, or, in the
202 case of a license issued through the system, at the time a request to
203 surrender is filed, the commissioner may still institute a proceeding to
204 suspend, revoke or refuse to renew a license under subsection (a) of
205 this section up to the date one year after the date of receipt of the
206 license by the commissioner, or, in the case of a license issued through
207 the system, up to the date one year after the date of the acceptance by
208 the commissioner of a request to surrender a license.

209 (2) If any license issued on the system expires due to the licensee's

210 failure to renew such license, the commissioner may institute a
211 revocation or suspension proceeding, or issue an order revoking or
212 suspending the license, under applicable authorities not later than one
213 year after the date of such expiration.

214 (3) Withdrawal of an application for a license shall become effective
215 upon the commissioner's acceptance on the system of a withdrawal
216 request. The commissioner may deny an application up to the date the
217 withdrawal became effective.

218 Sec. 5. (NEW) (*Effective October 1, 2018*) (a) The commissioner may
219 order a licensee to remove any individual from office and from
220 employment or retention as an independent contractor in a business
221 subject to licensure by the commissioner whenever the commissioner
222 finds as the result of an investigation: (1) Such individual has violated
223 any provision of law applicable to the licensed business, or any
224 regulation or order issued thereunder; or (2) any reason that would be
225 sufficient grounds for the commissioner to deny a license for such
226 business, by sending a notice to such individual by registered or
227 certified mail, return receipt requested, or by any express delivery
228 carrier that provides a dated delivery receipt, unless such individual is
229 licensed by the commissioner, in which case the notice may be
230 provided by personal delivery, as defined in section 4-166 of the
231 general statutes, in accordance with subsection (c) of section 36a-565 of
232 the general statutes. The notice shall be deemed received by such
233 individual on the earlier of the date of actual receipt or seven days
234 after mailing or sending, and in the case of a notice sent by electronic
235 mail, the notice shall be deemed received by the individual in
236 accordance with subsection (c) of section 36a-565 of the general
237 statutes.

238 (b) Any such notice issued under subsection (a) of this section shall
239 include: (1) A statement of the time, place and nature of the hearing;
240 (2) a statement of the legal authority and jurisdiction under which the
241 hearing is to be held; (3) a reference to the particular sections of the

242 general statutes, regulations or orders alleged to have been violated;
243 (4) a short and plain statement of the matters asserted; and (5) a
244 statement indicating that such individual may file a written request for
245 a hearing on the matters asserted not later than fourteen days after
246 receipt of the notice. If the commissioner finds that the protection of
247 borrowers requires immediate action, the commissioner may suspend
248 any such individual from office and require such person to take or
249 refrain from taking such action as in the opinion of the commissioner
250 will effectuate the purposes of this subsection, by incorporating a
251 finding to that effect in such notice. The suspension or prohibition
252 shall become effective upon receipt of such notice and, unless stayed
253 by a court, shall remain in effect until the entry of a permanent order
254 or the dismissal of the matters asserted.

255 (c) If a hearing is requested within the time specified in the notice,
256 the commissioner shall hold a hearing upon the matters asserted in the
257 notice unless such individual fails to appear at the hearing. After the
258 hearing, if the commissioner finds that any of the grounds set forth in
259 subdivision (1) or (2) of subsection (a) of this section exist with respect
260 to such individual, the commissioner may order the removal of such
261 individual from office and from any employment in any business in
262 this state subject to the commissioner's jurisdiction. If such individual
263 fails to appear at the hearing, the commissioner may order the removal
264 of such individual from office and from employment in any business
265 in this state subject to the commissioner's jurisdiction. No such order
266 shall be issued except in accordance with the provisions of chapter 54
267 of the general statutes.

268 Sec. 6. Subdivision (6) of subsection (c) of section 36a-65 of the
269 general statutes is repealed and the following is substituted in lieu
270 thereof (*Effective October 1, 2018*):

271 (6) A licensee under section 36a-489, as amended by this act, 36a-
272 541, as amended by this act, 36a-556, 36a-581, as amended by this act,
273 36a-600, as amended by this act, 36a-628, 36a-656, as amended by this

274 act, 36a-671, as amended by this act, 36a-719, as amended by this act,
275 [or] 36a-801, as amended by this act, or 36a-847, as amended by this
276 act, shall pay to the commissioner the actual cost of any examination of
277 the licensee, as such cost is determined by the commissioner. If the
278 licensee fails to pay such cost not later than sixty days after receipt of
279 demand from the commissioner, the commissioner may suspend the
280 license until such costs are paid.

281 Sec. 7. Section 36a-485 of the 2018 supplement to the general statutes
282 is repealed and the following is substituted in lieu thereof (*Effective*
283 *October 1, 2018*):

284 As used in this section and sections 36a-486 to [36a-498f] 36a-498e,
285 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
286 amended by this act, unless the context otherwise requires:

287 (1) "Advance fee" means any consideration paid or given, directly or
288 indirectly, by a consumer to a person for a residential mortgage loan
289 prior to the closing of such residential mortgage loan, including, but
290 not limited to, loan fees, points, broker's fees or commissions,
291 transaction fees or similar prepaid finance charges;

292 (2) "Advertise", "advertisement" or "advertising" means the use of
293 any announcement, statement, assertion or representation that is
294 placed before the public in a newspaper, magazine or other
295 publication, or in the form of a notice, circular, pamphlet, letter or
296 poster or over any radio or television station, by means of the Internet,
297 or by other electronic means of distributing information, by personal
298 contact, or in any other way;

299 (3) "Branch office" means a location other than the main office at
300 which a licensee or any person on behalf of a licensee acts as a
301 mortgage lender, mortgage correspondent lender, mortgage broker or
302 mortgage loan originator;

303 (4) "Control person" means an individual that directly or indirectly

304 exercises control over another person. Any person that (A) is a
305 director, general partner or executive officer; (B) in the case of a
306 corporation, directly or indirectly has the right to vote ten per cent or
307 more of a class of any voting security or has the power to sell or direct
308 the sale of ten per cent or more of any class of voting securities; (C) in
309 the case of a limited liability company, is a managing member; or (D)
310 in the case of a partnership, has the right to receive upon dissolution,
311 or has contributed, ten per cent or more of the capital, is presumed to
312 be a control person. For purposes of this subdivision, "control" means
313 the power, directly or indirectly, to direct the management or policies
314 of a company, whether through ownership of securities, by contract or
315 otherwise;

316 (5) "Depository institution" has the same meaning as provided in
317 Section 3 of the Federal Deposit Insurance Act, 12 USC 1813, and
318 includes any Connecticut credit union, federal credit union or out-of-
319 state credit union;

320 (6) "Dwelling" means a "dwelling", as defined in Section 103 of the
321 Consumer Credit Protection Act, 15 USC 1602, that is located in this
322 state;

323 (7) "Employee" means an individual (A) whose manner and means
324 of work performance are subject to the right of control of, or are
325 controlled by, a person, and (B) whose compensation is reported or
326 required to be reported on a W-2 form issued by the controlling
327 person. For purposes of the definition of "registered mortgage loan
328 originator", "employee" has the foregoing meaning or such other
329 meaning as the federal banking agencies may issue in connection with
330 such agencies' implementation of such agencies' responsibilities under
331 the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC 5101 et seq.;

332 (8) "Federal banking agency" means the Board of Governors of the
333 Federal Reserve System, the Comptroller of the Currency, the Director
334 of the Office of Thrift Supervision, the National Credit Union

335 Administration and the Federal Deposit Insurance Corporation;

336 (9) "First mortgage loan" means a residential mortgage loan that is
337 secured by a first mortgage;

338 (10) "Immediate family member" means a spouse, child, sibling,
339 parent, grandparent or grandchild and includes stepparents,
340 stepchildren, stepsiblings and adoptive relationships;

341 (11) "Independent contractor" means an individual retained on a
342 basis where the individual is not an employee of any person in
343 connection with the services such individual provides and whose
344 compensation is reported or required to be reported on an Internal
345 Revenue Service Form 1099 issued by the retaining person;

346 (12) "Individual" means a natural person;

347 (13) "Lead" means any information identifying a potential consumer
348 of a residential mortgage loan;

349 (14) "Lead generator" means a person who, for or with the
350 expectation of compensation or gain: (A) Sells, assigns or otherwise
351 transfers one or more leads for a residential mortgage loan; (B)
352 generates or augments one or more leads for another person; or (C)
353 directs a consumer to another person for a residential mortgage loan
354 by performing marketing services, including, but not limited to, online
355 marketing, direct response advertising or telemarketing;

356 (15) "Loan processor or underwriter" means an individual who
357 performs clerical or support duties. The term "clerical or support
358 duties" includes, subsequent to the receipt of an application, (A) the
359 receipt, collection, distribution and analysis of information common
360 for the processing or underwriting of a residential mortgage loan, and
361 (B) communication with a consumer to obtain the information
362 necessary for the processing or underwriting of a loan to the extent
363 that such communication does not include offering or negotiating loan

364 rates or terms or counseling consumers about residential mortgage
365 loan rates or terms;

366 (16) "Main office" means the main address designated on the
367 system;

368 (17) "Mortgage broker" (A) means a person who (i) for
369 compensation or gain or with the expectation of compensation or gain
370 (I) takes a residential mortgage loan application, or (II) offers or
371 negotiates terms of a residential mortgage loan, and (ii) is not the
372 prospective source of the funds for the residential mortgage loan, and
373 (B) does not include (i) an individual who is licensed as a mortgage
374 loan originator acting as a mortgage loan originator on behalf of such
375 mortgage loan originator's sponsoring mortgage lender, mortgage
376 correspondent lender, mortgage broker or exempt registrant, or (ii) an
377 individual exempt from mortgage loan originator licensure under
378 subdivision (2) of subsection (b) of section 36a-486 when acting within
379 the scope of such exemption;

380 (18) "Mortgage correspondent lender" means a person engaged in
381 the business of making residential mortgage loans in such person's
382 own name where the loans are not held by such person for more than
383 ninety days and are funded by another person through a warehouse
384 agreement, table funding agreement or similar agreement;

385 (19) "Mortgage lender" means a person engaged in the business of
386 making residential mortgage loans in such person's own name
387 utilizing such person's own funds or by funding loans through a
388 warehouse agreement, table funding agreement or similar agreement;

389 (20) "Mortgage loan originator" means an individual who for
390 compensation or gain or with the expectation of compensation or gain,
391 either for such individual or for the person employing or retaining
392 such individual, (A) takes a residential mortgage loan application, or
393 (B) offers or negotiates terms of a residential mortgage loan. "Mortgage
394 loan originator" does not include (i) an individual engaged solely as a

395 loan processor or underwriter; (ii) a person who only performs real
396 estate brokerage activities and is licensed in accordance with chapter
397 392, unless the person is compensated by a mortgage lender, mortgage
398 correspondent lender, mortgage broker or other mortgage loan
399 originator or by any agent of such mortgage lender, mortgage
400 correspondent lender, mortgage broker or other mortgage loan
401 originator; (iii) a person solely involved in extensions of credit relating
402 to timeshare plans, as that term is defined in Paragraph 53D of 11 USC
403 101; or (iv) any individual who solely renegotiates terms for existing
404 mortgage loans on behalf of a mortgagee and who does not otherwise
405 act as a mortgage loan originator, unless the United States Department
406 of Housing and Urban Development, the Bureau of Consumer
407 Financial Protection or a court of competent jurisdiction determines
408 that the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101
409 et seq., requires such individual to be licensed as a mortgage loan
410 originator under state laws implementing said S.A.F.E. Mortgage
411 Licensing Act;

412 (21) "Office" means a branch office or a main office;

413 (22) "Person" means a natural person, corporation, company, limited
414 liability company, partnership or association;

415 (23) "Principal amount of the loan" means the gross amount the
416 borrower is obligated to repay including any prepaid finance charge
417 that is financed, and any other charge that is financed;

418 (24) "Real estate brokerage activity" means any activity that involves
419 offering or providing real estate brokerage services to the public,
420 including (A) acting as a real estate agent or real estate broker for a
421 buyer, seller, lessor or lessee of real property; (B) bringing together
422 parties interested in the sale, purchase, lease, rental or exchange of real
423 property; (C) negotiating, on behalf of any party, any portion of a
424 contract relating to the sale, purchase, lease, rental or exchange of real
425 property, other than in connection with providing financing with

426 respect to any such transaction; (D) engaging in any activity for which
427 a person engaged in the activity is required to be registered or licensed
428 as a real estate agent or real estate broker under any applicable law;
429 and (E) offering to engage in any activity, or act in any capacity,
430 described in this subdivision;

431 (25) "Registered mortgage loan originator" means any individual
432 who (A) meets the definition of mortgage loan originator and is an
433 employee of a depository institution, a subsidiary that is owned and
434 controlled by a depository institution and regulated by a federal
435 banking agency, or an institution regulated by the Farm Credit
436 Administration; and (B) is registered with and maintains a unique
437 identifier through the system;

438 (26) "Residential mortgage loan" means any loan primarily for
439 personal, family or household use that is secured by a mortgage, deed
440 of trust or other equivalent consensual security interest on a dwelling
441 or residential real estate upon which is constructed or intended to be
442 constructed a dwelling;

443 (27) "Residential real estate" means any real property located in this
444 state, upon which is constructed or intended to be constructed a
445 dwelling;

446 (28) "Secondary mortgage loan" means a residential mortgage loan
447 that is secured, in whole or in part, by a mortgage, provided such
448 property is subject to one or more prior mortgages;

449 (29) "Simulated check" means a document that imitates or resembles
450 a check but is not a negotiable instrument;

451 (30) "Sponsored" means employed or retained as an independent
452 contractor;

453 (31) "Table funding agreement" means an agreement wherein a
454 person agrees to fund mortgage loans to be made in another person's

455 name and to purchase such loans after they are made;

456 (32) "Trigger lead" means a consumer report obtained pursuant to
457 subparagraph (B) of subdivision (1) of subsection (c) of Section 604 of
458 the Fair Credit Reporting Act, 15 USC 1681b, as amended from time to
459 time, where the issuance of the report is triggered by an inquiry made
460 with a consumer reporting agency in response to an application for
461 credit;

462 (33) "Unique identifier" means a number or other identifier assigned
463 by protocols established by the system; and

464 (34) "Warehouse agreement" means an agreement to provide credit
465 to a person to enable the person to have funds to make residential
466 mortgage loans and hold such loans pending sale to other persons.

467 Sec. 8. Subsection (a) of section 36a-486 of the 2018 supplement to
468 the general statutes is repealed and the following is substituted in lieu
469 thereof (*Effective October 1, 2018*):

470 (a) No person shall engage in the business of making residential
471 mortgage loans or act as a mortgage broker in this state unless such
472 person has first obtained [the] a required license for its main office and
473 for each branch office where such business is conducted in accordance
474 with the provisions of sections 36a-485 to [36a-498f] 36a-498e,
475 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
476 by this act. No person shall conduct any activity that is subject to
477 licensure pursuant to sections 36a-485 to 36a-498e, inclusive, as
478 amended by this act, 36a-534a or 36a-534b, as amended by this act, at
479 any office located outside of the United States. Any such person who is
480 an individual shall also obtain a mortgage loan originator license prior
481 to conducting such business unless such individual does not engage
482 directly in the activities of a mortgage loan originator. A person, other
483 than a licensed mortgage loan originator acting on behalf of a
484 mortgage lender or mortgage correspondent lender, shall be deemed
485 to be engaged in the business of making residential mortgage loans if

486 such person advertises, causes to be advertised, solicits or offers to
487 make residential mortgage loans, either directly or indirectly. A
488 person, other than a licensed mortgage loan originator acting on behalf
489 of a mortgage broker, shall be deemed to be acting as a mortgage
490 broker if such person advertises or causes to be advertised that such
491 person will negotiate, solicit, place or find a residential mortgage loan,
492 either directly or indirectly. A mortgage correspondent lender shall not
493 be deemed to be acting as a mortgage lender if such mortgage
494 correspondent lender makes a loan utilizing its own funds in a
495 situation where another person does not honor such person's
496 commitment to fund the loan. A licensed lead generator shall not be
497 deemed to be acting as a mortgage lender, mortgage correspondent
498 lender, mortgage broker or mortgage loan originator when engaged in
499 the activities of a lead generator, as described in section 36a-485, as
500 amended by this act, if such person does not: (1) Obtain compensation
501 or gain contingent upon the consummation of a residential mortgage
502 loan or the receipt of a residential mortgage loan application, or (2)
503 utilize financial criteria particular to the consumer or the residential
504 mortgage loan transaction to selectively place a lead or to steer a
505 consumer to a specific person for a residential mortgage loan.

506 Sec. 9. Section 36a-487 of the general statutes is repealed and the
507 following is substituted in lieu thereof (*Effective October 1, 2018*):

508 (a) The following are exempt from licensing as a mortgage lender,
509 mortgage correspondent lender or mortgage broker under sections
510 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
511 534a and 36a-534b, as amended by this act: (1) Any bank, out-of-state
512 bank, Connecticut credit union, federal credit union or out-of-state
513 credit union, provided such bank or credit union is federally insured;
514 (2) any wholly-owned subsidiary of any such bank or credit union; (3)
515 any operating subsidiary where each owner of such operating
516 subsidiary is wholly owned by the same such bank or credit union; (4)
517 any person licensed under sections 36a-671 to 36a-671d, inclusive, as
518 amended by this act, or exempt from licensure under section 36a-671c,

519 who is negotiating or offering to negotiate terms of a residential
520 mortgage loan as authorized by said sections 36a-671 to 36a-671d,
521 inclusive, as amended by this act; and (5) any person engaged solely in
522 providing loan processing or underwriting services to persons (A)
523 licensed as a mortgage lender, mortgage correspondent lender or
524 mortgage broker, or (B) exempt from such licensure under subdivision
525 (1) of this subsection. Each wholly-owned subsidiary of a Connecticut
526 bank or Connecticut credit union that engages in the business of
527 making residential mortgage loans or acts as a mortgage broker in this
528 state shall provide written notification to the commissioner prior to
529 engaging in such activity.

530 (b) The following are exempt from licensing as a mortgage lender or
531 mortgage correspondent lender under sections 36a-485 to [36a-498f]
532 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as
533 amended by this act:

534 (1) Persons making five or fewer residential mortgage loans within
535 any period of twelve consecutive months, provided nothing herein
536 shall relieve such persons from complying with all applicable laws;

537 (2) Bona fide nonprofit organizations making residential mortgage
538 loans that promote home ownership for the economically
539 disadvantaged;

540 (3) Agencies of the federal government, or any state or municipal
541 government, or any housing finance agency making residential
542 mortgage loans under the specific authority of the laws of any state or
543 the United States. For purposes of this subdivision, a "housing finance
544 agency" means any authority: (A) Chartered by a state to help meet the
545 affordable housing needs of the residents of the state; (B) supervised
546 directly or indirectly by the state government; (C) subject to audit and
547 review by the state in which it operates; and (D) whose activities make
548 it eligible to be a member of the National Council of State Housing
549 Agencies;

550 [(4) Persons licensed under sections 36a-555 to 36a-573, inclusive,
551 when making residential mortgage loans authorized by said sections;]

552 [(5)] (4) Persons owning real property who take back from the buyer
553 of such property a secondary mortgage loan in lieu of any portion of
554 the purchase price of the property;

555 [(6)] (5) Any corporation or its affiliate that makes residential
556 mortgage loans exclusively for the benefit of its employees or agents;

557 [(7)] (6) Any corporation, licensed in accordance with section 38a-41,
558 or its affiliate or subsidiary, that makes residential mortgage loans to
559 promote home ownership in urban areas;

560 [(8)] (7) Persons acting as fiduciaries with respect to any employee
561 pension benefit plan qualified under the Internal Revenue Code of
562 1986, or any subsequent corresponding internal revenue code of the
563 United States, as from time to time amended, who make residential
564 mortgage loans solely to plan participants from plan assets; and

565 [(9)] (8) Persons making secondary mortgage loans to immediate
566 family members.

567 (c) A bona fide nonprofit organization shall be exempt from
568 licensing as a mortgage broker under sections 36a-485 to [36a-498f]
569 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as
570 amended by this act, to the extent that such bona fide nonprofit
571 organization acts as a mortgage broker in connection with residential
572 mortgage loans to be exclusively made by persons covered by the
573 exemption set forth in either subdivision [(6)] (5) or [(7)] (6) of
574 subsection (b) of this section.

575 (d) Any person claiming exemption from licensure under this
576 section may register on the system as an exempt registrant for
577 purposes of sponsoring a mortgage loan originator or a loan processor
578 or underwriter pursuant to subdivision (1) of subsection (b) of section

579 36a-486. Such registration shall not affect the exempt status of such
580 person. Any approval of such registration, or any approval of any
581 renewal of such registration, shall not constitute a determination by
582 the commissioner that such entity is exempt, but rather shall evidence
583 the commissioner's approval to use the system for purposes of
584 sponsoring and bonding.

585 (e) (1) For purposes of this section, a "bona fide nonprofit
586 organization" means an organization that has filed a written certified
587 submission to the commissioner in a form prescribed by the
588 commissioner and with such documentation as may be required by the
589 commissioner and that demonstrates to the satisfaction of the
590 commissioner that the organization: (A) Has the status of a tax-exempt
591 organization under Section 501(c)(3) of the Internal Revenue Code of
592 1986, or any subsequent corresponding internal revenue code of the
593 United States, as from time to time amended; (B) promotes affordable
594 housing or provides home ownership education or similar services; (C)
595 conducts its activities in a manner that serves public or charitable
596 purposes rather than commercial purposes; (D) receives funding and
597 revenue and charges fees in a manner that does not incentivize it or its
598 employees to act other than in the best interests of its clients; (E)
599 compensates its employees in a manner that does not incentivize
600 employees to act other than in the best interests of its clients; (F)
601 provides or identifies for the borrower residential mortgage loans (i)
602 with terms favorable to the borrower, which means such terms must
603 be consistent with loan origination in a public or charitable context, not
604 a commercial context, and (ii) comparable to mortgage loans and
605 housing assistance provided under government housing assistance
606 programs; and (G) meets such other standards as the commissioner
607 may by regulation require. Any organization that demonstrates to the
608 satisfaction of the commissioner its status as a bona fide nonprofit
609 organization shall timely report any change in any information
610 previously submitted to the commissioner and, not later than
611 December thirty-first of each year, submit to the commissioner a

612 renewed certification and documentation to update all information last
613 filed in support of such bona fide nonprofit organization status [and
614 timely report any change in any information previously submitted] or
615 such status shall expire, except that any organization that obtained
616 initial bona fide nonprofit status from the commissioner after
617 November first of a given year shall submit a renewal certification and
618 documentation by December thirty-first of the following year.

619 (2) The commissioner shall have the authority to periodically
620 examine the books and activities of a certified bona fide nonprofit
621 organization and to revoke the bona fide nonprofit organization status
622 of an entity that does not continue to meet the criteria in subdivision
623 (1) of this subsection.

624 Sec. 10. Section 36a-488 of the 2018 supplement to the general
625 statutes is repealed and the following is substituted in lieu thereof
626 (*Effective October 1, 2018*):

627 (a) (1) The commissioner shall not issue a mortgage lender license, a
628 mortgage correspondent lender license or a mortgage broker license to
629 any person unless such person meets the following tangible net worth
630 and experience requirements, as applicable: (A) The minimum tangible
631 net worth requirement for a mortgage lender shall be two hundred
632 fifty thousand dollars and the minimum tangible net worth
633 requirement for a mortgage correspondent lender and a mortgage
634 broker shall be fifty thousand dollars, and (B) a mortgage lender,
635 mortgage correspondent lender or mortgage broker shall have, at the
636 main office for which the license is sought, a qualified individual and,
637 at each branch office, a branch manager [(i)] who (i) is responsible for
638 the actions of the licensee and has supervisory authority over the
639 lending or brokerage activities, (ii) [who] has at least three years'
640 experience in the mortgage business within the five years immediately
641 preceding the date of the application for the license, and (iii) [who] is
642 licensed as a mortgage loan originator under section 36a-489, as
643 amended by this act. As used in this subdivision, "experience in the

644 mortgage business" means paid experience in the origination,
645 processing or underwriting of residential mortgage loans, the
646 marketing of such loans in the secondary market or in the supervision
647 of such activities, or any other relevant experience as determined by
648 the commissioner. As used in subparagraph (B) of this subdivision, "at
649 the main office" may be established by demonstrating to the
650 satisfaction of the commissioner that the qualified individual resides
651 within one hundred miles of the main office or is otherwise capable of
652 providing full-time, in-person supervision of the main office, and "at
653 each branch office" may be established by demonstrating to the
654 satisfaction of the commissioner that the branch manager resides
655 within one hundred miles of the branch office or is otherwise capable
656 of providing full-time, in-person supervision of the branch office. The
657 commissioner may waive the requirements of subparagraph (B) of this
658 subdivision pertaining to a qualified individual where it is
659 demonstrated to the satisfaction of the commissioner that no activity
660 subject to licensure under sections 36a-485 to 36a-498e, inclusive, as
661 amended by this act, 36a-534a and 36a-534b, as amended by this act,
662 will be conducted at the main office and the licensee designates a
663 qualified individual responsible for the actions of the licensee. The
664 commissioner may waive the requirements of subparagraph (B) of this
665 subdivision pertaining to a branch manager where a person licensed as
666 a mortgage lender under section 36a-489, as amended by this act, will
667 act only as a mortgage servicer at such branch office, and the
668 individual designated as branch manager meets the requirements for
669 branch manager as set forth in section 36a-719, as amended by this act.
670 No person granted a waiver of the requirements of subparagraph (B)
671 of this subdivision shall conduct any activity at the main office or at
672 any branch office that would have precluded issuance of such waiver
673 without first designating a qualified individual or branch manager, as
674 the case may be, who meets all applicable requirements and is
675 approved by the commissioner.

676 (2) Each licensee shall maintain the net worth required by this

677 subsection.

678 (b) The commissioner may issue a mortgage lender license, a
679 mortgage correspondent lender license, or a mortgage broker license.
680 Each mortgage lender licensee may also act as a mortgage
681 correspondent lender and a mortgage broker, and each mortgage
682 correspondent lender licensee may also act as a mortgage broker. An
683 application for a license as a mortgage lender, mortgage correspondent
684 lender or mortgage broker office or renewal of such license shall be
685 filed, in a form prescribed by the commissioner, with the system. Each
686 such form shall contain content as set forth by instruction or procedure
687 of the commissioner and may be changed or updated as necessary by
688 the commissioner in order to carry out the purpose of sections 36a-21,
689 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
690 498h, 36a-534a and 36a-534b, as amended by this act. The applicant
691 shall, at a minimum, furnish to the system information concerning the
692 identity of the applicant, any control person of the applicant, the
693 qualified individual and any branch manager, including personal
694 history and experience in a form prescribed by the system and
695 information related to any administrative, civil or criminal findings by
696 any governmental jurisdiction. [The] In the case of an initial
697 application for a license, the following supplementary information
698 shall be filed, [directly with the commissioner: (1) In the case of an
699 initial application for a license for the main office, (A)] as applicable:
700 (1) For a main office license, a financial statement as of a date not more
701 than twelve months prior to the filing of the application which reflects
702 tangible net worth; [, and if such financial statement is unaudited, the
703 proprietor, general partner, or duly authorized officer, trustee or
704 member shall swear to its accuracy under oath before a notary public,
705 and (B)] (2) a bond as required by section 36a-492, as amended by this
706 act; [(2)] (3) evidence that the qualified individual or branch manager
707 meets the experience required by subsection (a) of this section; and
708 [(3)] (4) such other information pertaining to the applicant, the
709 applicant's background, the background of its principals, employees,

710 mortgage loan originators, and loan processors or underwriters, and
711 the applicant's activities as the commissioner may require. For the
712 purpose of this subsection, evidence of experience of the qualified
713 individual or branch manager shall include: (A) A statement
714 specifying the duties and responsibilities of such person's
715 employment, the term of employment, including month and year, and
716 the name, address and telephone number of a supervisor, employer or,
717 if self-employed, a business reference; and (B) if required by the
718 commissioner, copies of W-2 forms, 1099 tax forms or, if self-
719 employed, 1120 corporate tax returns, signed letters from the employer
720 on the employer's letterhead verifying such person's duties and
721 responsibilities and term of employment including month and year,
722 and if such person is unable to provide such letters, other proof
723 satisfactory to the commissioner that such person meets the experience
724 requirement. The commissioner may conduct a criminal history
725 records check of the applicant, any control person of the applicant and
726 the qualified individual or branch manager [with supervisory
727 authority at the office for which the license is sought] and require the
728 applicant to submit the fingerprints of such persons and authorization
729 of such persons for the system and the commissioner to obtain an
730 independent credit report from a consumer reporting agency, as
731 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC
732 1681a, as part of the application.

733 (c) The commissioner may issue a mortgage loan originator license
734 or a loan processor or underwriter license. Each mortgage loan
735 originator licensee may also act as a loan processor or underwriter.
736 Each mortgage loan originator licensee shall be associated with a
737 specified licensed office from which such licensee will operate and be
738 subject to supervision by a qualified individual or branch manager.
739 The specified office shall be within a one-hundred-mile distance from
740 where the licensee resides, unless the licensee can otherwise
741 demonstrate to the commissioner's satisfaction that the licensee will be
742 subject to supervision by a qualified individual or branch manager. An

743 application to license an individual as a mortgage loan originator or a
744 loan processor or underwriter [for a specified office] or for renewal of
745 such license shall be filed, in a form prescribed by the commissioner,
746 with the system. Each such form shall contain content as set forth by
747 instruction or procedure of the commissioner and may be changed or
748 updated as necessary by the commissioner in order to carry out the
749 purpose of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as
750 amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by
751 this act. The applicant shall, at a minimum, furnish to the system, in a
752 form prescribed by the system, information concerning the applicant's
753 identity, including personal history and experience and information
754 related to any administrative, civil or criminal findings by any
755 governmental jurisdiction. Each applicant for a mortgage loan
756 originator license or a loan processor or underwriter license shall
757 furnish to the system fingerprints for submission to the Federal Bureau
758 of Investigation and any governmental agency or entity authorized to
759 receive such information for a state, national and international criminal
760 history background check. Each applicant shall furnish authorization
761 for the system and the commissioner to obtain an independent credit
762 report from a consumer reporting agency, as described in Section
763 603(p) of the Fair Credit Reporting Act, 15 USC 1681a.

764 (d) The commissioner may issue a lead generator license. An
765 application for a license as a lead generator or an application for a
766 license renewal shall be filed, in a form prescribed by the
767 commissioner, with the system, accompanied by the fees required
768 under section 36a-491. Each such form shall contain content as set forth
769 by instruction or procedure of the commissioner and may be changed
770 or updated as necessary by the commissioner in order to carry out the
771 purposes of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as
772 amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by
773 this act. The applicant shall, at a minimum, furnish to the system
774 information concerning the identity of the applicant, any control
775 person of the applicant and the qualified individual responsible for the

776 actions of the licensee, including, but not limited to, a personal history
777 and experience, in a form prescribed by the system, and information
778 related to any administrative, civil or criminal findings by any
779 governmental jurisdiction. [The applicant shall notify the
780 commissioner on the system of any change to the information
781 submitted in connection with the applicant's most recent application
782 for licensure not later than fifteen days after the applicant has reason to
783 know of such change.] The commissioner, in accordance with section
784 29-17a, may conduct a state or national criminal history records check
785 of the applicant, any control person of the applicant and the qualified
786 individual, and, in accordance with section 36a-24b, may require the
787 submission of fingerprints of such persons to the Federal Bureau of
788 Investigation or other state, national or international criminal
789 databases as part of the application.

790 Sec. 11. Section 36a-489 of the 2018 supplement to the general
791 statutes is repealed and the following is substituted in lieu thereof
792 (*Effective October 1, 2018*):

793 (a) (1) The commissioner shall not issue an initial license for a
794 mortgage lender, mortgage correspondent lender or mortgage broker
795 unless the commissioner, at a minimum, finds that: (A) The applicant
796 meets the requirements of subsection (a) of section 36a-488, as
797 amended by this act; (B) notwithstanding the provisions of section 46a-
798 80, the applicant, the control persons of the applicant and the qualified
799 individual or branch manager [with supervisory authority at the office
800 for which the license is sought] have not been convicted of, or pled
801 guilty or nolo contendere to, a felony in a domestic, foreign or military
802 court during the seven-year period preceding the date of the
803 application for licensing or at any time preceding the date of
804 application if such felony involved an act of fraud, dishonesty, a
805 breach of trust or money laundering, provided any pardon or
806 expungement of a conviction shall not be a conviction for purposes of
807 this subdivision; (C) the applicant demonstrates that the financial
808 responsibility, character and general fitness of the applicant, the

809 control persons of the applicant and the qualified individual or branch
810 manager [having supervisory authority over the office for which the
811 license is sought] are such as to command the confidence of the
812 community and to warrant a determination that the applicant will
813 operate honestly, fairly and efficiently within the purposes of sections
814 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
815 498h, 36a-534a and 36a-534b, as amended by this act; (D) the applicant
816 has met the surety bond requirement under section 36a-492, as
817 amended by this act; and (E) the applicant, [has] the control persons of
818 the applicant and the qualified individual or branch manager have not
819 made a material misstatement in the application. If the commissioner
820 fails to make such findings, the commissioner shall not issue a license,
821 and shall notify the applicant of the denial and the reasons for such
822 denial. For purposes of this subsection, the level of offense of the crime
823 and the status of any conviction, pardon or expungement shall be
824 determined by reference to the law of the jurisdiction where the case
825 was prosecuted. In the event that such jurisdiction does not use the
826 term "felony", "pardon" or "expungement", such terms shall include
827 legally equivalent events.

828 (2) (A) The minimum standards for license renewal for a mortgage
829 lender, mortgage correspondent lender or mortgage broker shall
830 include the following: (i) The applicant continues to meet the
831 minimum standards under subdivision (1) of this subsection; and (ii)
832 the mortgage lender, mortgage correspondent lender or mortgage
833 broker has paid all required fees for renewal of the license and has
834 paid any outstanding examination fees or other moneys due to the
835 commissioner.

836 (B) The license of a mortgage lender, mortgage correspondent
837 lender or mortgage broker failing to satisfy the minimum standards for
838 license renewal shall expire. The commissioner may adopt procedures
839 for the reinstatement of expired licenses consistent with the standards
840 established by the system. The commissioner may automatically
841 suspend a mortgage lender, mortgage correspondent lender or

842 mortgage broker license if the licensee receives a deficiency on the
843 system indicating that the payment required by subparagraph (A) of
844 this subdivision was Returned-ACH or returned pursuant to such
845 other term as may be utilized by the system to indicate that the
846 payment was not accepted. After a license has been automatically
847 suspended pursuant to this section, the commissioner shall (i) give
848 such licensee notice of the automatic suspension, pending proceedings
849 for revocation or refusal to renew pursuant to section 36a-494, as
850 amended by this act, and an opportunity for a hearing on such action
851 in accordance with section 36a-51, as amended by this act, and (ii)
852 require such licensee to take or refrain from taking such action that, in
853 the opinion of the commissioner, will effectuate the purposes of this
854 section.

855 (b) (1) The commissioner shall not issue an initial license for a
856 mortgage loan originator or a loan processor or underwriter unless the
857 commissioner, at a minimum, finds that the applicant has: (A) Never
858 had a mortgage loan originator or equivalent loan processor or
859 underwriter license revoked in any governmental jurisdiction, except
860 that a subsequent formal vacating of such revocation shall not be
861 deemed a revocation; (B) notwithstanding the provisions of section
862 46a-80, not been convicted of, or pled guilty or nolo contendere to, a
863 felony in a domestic, foreign or military court during the seven-year
864 period preceding the date of the application for licensing or at any
865 time preceding such date of application if such felony involved an act
866 of fraud, dishonesty, a breach of trust, or money laundering, provided
867 any pardon or expungement of a conviction shall not be a conviction
868 for purposes of this subdivision; (C) demonstrated financial
869 responsibility, character and general fitness so as to command the
870 confidence of the community and to warrant a determination that the
871 mortgage loan originator or loan processor or underwriter will operate
872 honestly, fairly and efficiently within the purposes of sections 36a-485
873 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-
874 534a and 36a-534b, as amended by this act; (D) completed the

875 prelicensing education requirement described in section 36a-489a, as
876 amended by this act, and passed a written test that meets the test
877 requirement described in section 36a-489a, as amended by this act; (E)
878 met the surety bond requirement under section 36a-492, as amended
879 by this act, and, in the case of a mortgage loan originator required to be
880 licensed under section 36a-671e, met the surety bond requirements
881 under sections 36a-492, as amended by this act, and 36a-671d, as
882 amended by this act; and (F) not made a material misstatement in the
883 application. If the commissioner denies an application for a mortgage
884 loan originator or a loan processor or underwriter license, the
885 commissioner shall notify the applicant and may notify the sponsor or
886 any other person the commissioner deems appropriate of the denial
887 and the reasons for such denial. For purposes of this subsection, the
888 level of offense of the crime and the status of any conviction, pardon or
889 expungement shall be determined by reference to the law of the
890 jurisdiction where the case was prosecuted. In the event that such
891 jurisdiction does not use the term "felony", "pardon" or
892 "expungement", those terms shall include legally equivalent events.

893 (2) (A) The minimum standards for license renewal for a mortgage
894 loan originator or a loan processor or underwriter shall include the
895 following: (i) The licensee continues to meet the minimum standards
896 for license issuance under subdivision (1) of this subsection; (ii) the
897 licensee has satisfied the annual continuing education requirements
898 described in subsection (c) of section 36a-489a, as amended by this act;
899 and (iii) the licensee has paid all required fees for renewal of the
900 license and any outstanding examination fees or other moneys due to
901 the commissioner.

902 (B) The license of a mortgage loan originator or a loan processor or
903 underwriter that fails to satisfy the minimum standards for license
904 renewal shall expire. The commissioner may adopt procedures for the
905 reinstatement of expired licenses consistent with the standards
906 established by the system. The commissioner may automatically
907 suspend a mortgage loan originator or a loan processor or underwriter

908 license if the licensee receives a deficiency on the system indicating
909 that the payment of renewal fees required by subparagraph (A) of
910 subdivision (2) of this subsection was Returned-ACH or returned
911 pursuant to such other term as may be utilized by the system to
912 indicate that the payment was not accepted. After a license has been
913 automatically suspended pursuant to this section, the commissioner
914 shall (i) give such licensee notice of the automatic suspension, pending
915 proceedings for revocation or refusal to renew pursuant to section 36a-
916 494, as amended by this act, and an opportunity for a hearing on such
917 action in accordance with section 36a-51, as amended by this act, and
918 (ii) require such licensee to take or refrain from taking such action that,
919 in the opinion of the commissioner, will effectuate the purposes of this
920 section.

921 (c) For purposes of this section, a person has shown that such
922 person is not financially responsible when such person has shown a
923 disregard in the management of such person's own financial condition.
924 A determination that a person has not shown financial responsibility
925 may include, but is not limited to: (1) Current outstanding judgments,
926 except judgments solely as a result of medical expenses; (2) current
927 outstanding tax liens or other government liens and filings; (3)
928 foreclosures during the three years preceding the date of application
929 for an initial license or renewal of a license; or (4) a pattern of seriously
930 delinquent accounts within the past three years.

931 (d) (1) The commissioner shall not issue a lead generator license to
932 an applicant for such license unless the commissioner, at a minimum,
933 finds that: (A) The applicant demonstrates that the character,
934 reputation, integrity and general fitness of the applicant, any control
935 person of the applicant and the qualified individual are such as to
936 command the confidence of the community and warrant a
937 determination that the applicant will operate honestly, fairly and
938 efficiently within the purposes of sections 36a-485 to [36a-498f] 36a-
939 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-
940 534b, as amended by this act; (B) the applicant has not made a material

941 misstatement in the application; and (C) the applicant has met any
942 other requirements determined by the commissioner. If the
943 commissioner fails to make such findings, the commissioner shall not
944 issue a license and shall notify the applicant of the denial and the
945 reasons for such denial. Without limiting the foregoing requirements
946 of this subdivision, and subject to the provisions of section 46a-80, the
947 commissioner may deny an application based on the history of
948 criminal convictions of the applicant, any control person of the
949 applicant or the qualified individual.

950 (2) (A) The minimum standards for license renewal for a lead
951 generator shall include the following: (i) The applicant continues to
952 meet the minimum standards under subdivision (1) of this subsection;
953 and (ii) the lead generator has paid all required fees for renewal of a
954 license and any outstanding examination fees or other moneys due to
955 the commissioner.

956 (B) The license of a lead generator who fails to satisfy the minimum
957 standards for license renewal shall expire. The commissioner may
958 adopt procedures for the reinstatement of expired licenses consistent
959 with the standards established by the system. The commissioner may
960 automatically suspend a lead generator license if the licensee receives a
961 deficiency on the system indicating that the payment of renewal fees
962 required by subparagraph (A) of subdivision (2) of this subsection was
963 Returned-ACH or returned pursuant to such other term as may be
964 utilized by the system to indicate that the payment was not accepted.
965 After a license has been automatically suspended pursuant to this
966 section, the commissioner shall (i) give such licensee notice of the
967 automatic suspension, pending proceedings for revocation or refusal
968 to renew pursuant to section 36a-494, as amended by this act, and an
969 opportunity for a hearing on such action in accordance with section
970 36a-51, as amended by this act; and (ii) require such licensee to take or
971 refrain from taking such action that, in the opinion of the
972 commissioner, will effectuate the purposes of this section.

973 [(e) (1) Withdrawal of an application for a license filed under this
974 section shall become effective upon receipt by the commissioner of a
975 notice of intent to withdraw such application. The commissioner may
976 deny a license up to the date one year after the effective date of
977 withdrawal.

978 (2) If a license expires under this section due to the licensee's failure
979 to renew, the commissioner may institute a revocation or suspension
980 proceeding or issue an order suspending or revoking such license
981 pursuant to section 36a-494 not later than one year after the date of
982 such expiration.]

983 [(f)] (e) The commissioner may deem an application for a license
984 under this section abandoned if the applicant fails to respond to any
985 request for information required under sections 36a-485 to [36a-498f]
986 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and
987 36a-534b, as amended by this act, or the regulations adopted pursuant
988 to said sections. The commissioner shall notify the applicant on the
989 system that if such information is not submitted not later than sixty
990 days from the date of such request the application shall be deemed
991 abandoned. An application filing fee paid prior to the date an
992 application is deemed abandoned pursuant to this subsection shall not
993 be refunded. Abandonment of an application pursuant to this
994 subsection shall not preclude the applicant from submitting a new
995 application for a license under sections 36a-485 to [36a-498f] 36a-498e,
996 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
997 amended by this act.

998 Sec. 12. Section 36a-490 of the 2018 supplement to the general
999 statutes is repealed and the following is substituted in lieu thereof
1000 (*Effective October 1, 2018*):

1001 (a) (1) [A mortgage lender, mortgage correspondent lender,
1002 mortgage broker and lead generator license shall not be transferable or
1003 assignable. No licensee may use any name other than its legal name or

1004 a fictitious name approved by the commissioner, provided such
1005 licensee may not use its legal name if the commissioner disapproves
1006 use of such name.] Any licensee who intends to permanently cease
1007 engaging in the business of making residential mortgage loans or
1008 acting as a mortgage broker or lead generator at any time during a
1009 license period for any cause, including, but not limited to, bankruptcy
1010 or voluntary dissolution, shall file a request to surrender the license for
1011 each office at which the licensee intends to cease to do business, on the
1012 system, not later than fifteen days after the date of such cessation,
1013 provided this requirement shall not apply when a license has been
1014 suspended pursuant to section 36a-51, as amended by this act. No
1015 surrender shall be effective until accepted by the commissioner.

1016 (2) A mortgage loan originator licensee who intends to permanently
1017 cease engaging in the business of a mortgage loan originator at any
1018 time during a license period for any cause, including, but not limited
1019 to, bankruptcy, shall file a request to surrender the license on the
1020 system not later than fifteen days after the date of such cessation,
1021 provided this requirement shall not apply when a license has been
1022 suspended pursuant to section 36a-51, as amended by this act. No
1023 surrender shall be effective until accepted by the commissioner.

1024 (3) A loan processor or underwriter licensee who intends to
1025 permanently cease engaging in the activities of a loan processor or
1026 underwriter at any time during a license period for any cause,
1027 including, but not limited to, bankruptcy, shall file a request to
1028 surrender the license on the system not later than fifteen days after the
1029 date of such cessation, provided this requirement shall not apply when
1030 a license has been suspended pursuant to section 36a-51, as amended
1031 by this act. No surrender shall be effective until accepted by the
1032 commissioner.

1033 (b) (1) A mortgage lender, mortgage correspondent lender,
1034 mortgage broker or lead generator license shall not be transferable or
1035 assignable. Any change in any control person shall be the subject of an

1036 advance change notice filed on the system not later than sixty days
1037 prior to the effective date of such change and any change shall not
1038 occur without the commissioner's approval.

1039 (2) No licensee may use any name other than its legal name or a
1040 fictitious name approved by the commissioner, provided such licensee
1041 may not use its legal name if the commissioner disapproves use of
1042 such name. No licensee shall use any name or address other than
1043 specified on the license issued by the commissioner. A mortgage
1044 lender, mortgage correspondent lender, mortgage broker or lead
1045 generator licensee may change the name of the licensee or address of
1046 the office specified on the most recent filing with the system if [(1)] (A)
1047 at least thirty calendar days prior to such change, the licensee files such
1048 change with the system and, in the case of a main or branch office,
1049 provides, directly to the commissioner, a bond rider or endorsement,
1050 or addendum, as applicable, to the surety bond on file with the
1051 commissioner that reflects the new name or address of the main or
1052 branch office, and [(2)] (B) the commissioner does not disapprove such
1053 change, in writing, or request further information within such thirty-
1054 day period. [The licensee shall promptly file any change in the
1055 information most recently submitted in connection with the license
1056 with the system or, if the information cannot be filed on the system,
1057 directly notify the commissioner, in writing, of such change in the
1058 information.]

1059 (3) The commissioner may automatically suspend any license for a
1060 violation of this subsection, or upon a failure of the licensee to
1061 designate a qualified individual or branch manager who meets the
1062 requirements set forth in section 36a-488, as amended by this act,
1063 within thirty days of a vacancy in the position. After the license has
1064 been automatically suspended pursuant to this subsection, the
1065 commissioner shall (A) provide the licensee notice of such automatic
1066 suspension pending proceedings for revocation of or refusal to renew
1067 the license pursuant to section 36a-494, as amended by this act, (B)
1068 provide the licensee an opportunity for a hearing in accordance with

1069 section 36a-51, as amended by this act, and (C) require the licensee to
1070 take or refrain from taking action that, in the opinion of the
1071 commissioner, is necessary to effectuate the purpose of this section.

1072 (c) [The] Except as otherwise specified in subsection (b) of this
1073 section, each mortgage lender, mortgage correspondent lender,
1074 mortgage broker or lead generator applicant or licensee, and each
1075 individual designated as a control person, qualified individual or
1076 branch manager of such applicant or licensee, shall file on the system,
1077 or, if the information cannot be filed on the system, notify the
1078 commissioner, in writing, of any change in the information such
1079 applicant, licensee, control person, qualified individual or branch
1080 manager most recently submitted to the system in connection with the
1081 application or license within fifteen days from the date such applicant,
1082 licensee, control person, qualified individual or branch manager had
1083 reason to know of the change. A mortgage lender, mortgage
1084 correspondent lender, mortgage broker or lead generator licensee shall
1085 [promptly] file with the system or, if the information cannot be filed on
1086 the system, [directly] notify the commissioner, in writing, of the
1087 occurrence of any of the following developments within fifteen days of
1088 the date that the licensee had reason to know of the development:

1089 (1) Filing for bankruptcy [.] or the consummation of a corporate
1090 restructuring [.] of the licensee;

1091 (2) Filing of a criminal indictment against the licensee in any way
1092 related to the lending or brokerage activities of the licensee, or
1093 receiving notification of the filing of any criminal felony indictment or
1094 felony conviction of any [of the licensee's officers, directors, members,
1095 partners or shareholders owning ten per cent or more of the
1096 outstanding stock] control person, branch manager or qualified
1097 individual of the licensee;

1098 (3) Receiving notification of the institution of license denial, cease
1099 and desist, suspension or revocation procedures, or other formal or

1100 informal action by any governmental agency against the licensee or
1101 any control person, branch manager or qualified individual of the
1102 licensee and the reasons therefor;

1103 (4) Receiving notification of the initiation of any action against the
1104 licensee or any control person, branch manager or qualified individual
1105 of the licensee by the Attorney General or the attorney general of any
1106 other state and the reasons therefor;

1107 (5) Receiving notification of a material adverse action with respect
1108 to any existing line of credit or warehouse credit agreement;

1109 (6) Suspension or termination of the licensee's status as an approved
1110 seller or servicer by the Federal National Mortgage Association,
1111 Federal Home Loan Mortgage Corporation or Government National
1112 Mortgage Association;

1113 (7) Exercise of recourse rights by investors or subsequent assignees
1114 of residential mortgage loans if such loans for which the recourse
1115 rights are being exercised, in the aggregate, exceed the licensee's net
1116 worth exclusive of real property and fixed assets;

1117 (8) Receiving notification of filing for bankruptcy [of any of the
1118 licensee's officers, directors, members, partners or shareholders
1119 owning ten per cent or more of the outstanding stock] of the licensee or
1120 of any control person, branch manager or qualified individual of the
1121 licensee; or

1122 (9) A decrease in the net worth required by subsection (a) of section
1123 36a-488, as amended by this act.

1124 (d) Each mortgage loan originator applicant or licensee and each
1125 loan processor or underwriter applicant or licensee shall [promptly]
1126 file with the system or, if the information cannot be filed on the
1127 system, [directly] notify the commissioner, in writing, of any change in
1128 the information most recently submitted in connection with the

1129 application or license [and] within fifteen days of the date such
1130 applicant or licensee had reason to know of the change. Each mortgage
1131 loan originator licensee and each loan processor or underwriter
1132 licensee shall file with the system, or, if the information cannot be filed
1133 on the system, notify the commissioner, in writing, of the occurrence of
1134 any of the following developments within fifteen days of the date that
1135 such licensee had reason to know of the development:

1136 (1) Filing for bankruptcy of the licensee;

1137 (2) Filing of a criminal indictment against the licensee;

1138 (3) Receiving notification of the institution of license or registration
1139 denial, cease and desist, suspension or revocation procedures, or other
1140 formal or informal action by any governmental agency against the
1141 licensee and the reasons therefor; or

1142 (4) Receiving notification of the initiation of any action against the
1143 licensee by the Attorney General or the attorney general of any other
1144 state and the reasons therefor.

1145 (e) Each mortgage lender, mortgage correspondent lender,
1146 mortgage broker, lead generator, mortgage loan originator and loan
1147 processor or underwriter license shall remain in force and effect until it
1148 has been surrendered, revoked or suspended, or until it expires or is
1149 no longer effective, in accordance with the provisions of this title.

1150 Sec. 13. Section 36a-492 of the 2018 supplement to the general
1151 statutes is repealed and the following is substituted in lieu thereof
1152 (*Effective October 1, 2018*):

1153 (a) (1) Each licensed mortgage lender, mortgage correspondent
1154 lender and mortgage broker shall file with the commissioner a single
1155 surety bond, written by a surety authorized to write such bonds in this
1156 state, covering its main office and file an addendum to such bond to
1157 cover any branch office, in a penal sum determined in accordance with

1158 subsection (d) of this section, provided the penal sum of the bond for
1159 licensed mortgage lenders and mortgage correspondent lenders shall
1160 be not less than one hundred thousand dollars and the penal sum of
1161 the bond for mortgage brokers shall be not less than fifty thousand
1162 dollars. The bond shall cover all mortgage loan originators sponsored
1163 by such licensee.

1164 (2) Each mortgage loan originator licensee shall be covered by a
1165 surety bond with a penal sum in an amount that reflects the dollar
1166 amount of loans originated by such mortgage loan originator in
1167 accordance with subsection (d) of this section, provided such coverage
1168 shall be provided through a single surety bond filed with the
1169 commissioner by the person who sponsors such mortgage loan
1170 originator.

1171 (3) (A) In the case of an exempt registrant under subdivision (1), (2)
1172 or (3) of subsection (a) of section 36a-487, as amended by this act: (i)
1173 The surety bond shall cover all mortgage loan originators sponsored
1174 by such exempt registrant and comply with the requirements set forth
1175 in this section, and (ii) the penal sum of such bond shall be in an
1176 amount determined in accordance with subsection (d) of this section,
1177 provided the penal sum of the bond shall be not less than one hundred
1178 thousand dollars; (B) in the case of an exempt registrant under
1179 subsection (b) of section 36a-487, as amended by this act: (i) The surety
1180 bond shall cover all mortgage loan originators sponsored by such
1181 exempt registrant and comply with the requirements set forth in this
1182 section, and (ii) the penal sum of the bond shall be in an amount
1183 determined in accordance with subsection (d) of this section, provided
1184 the penal sum shall be not less than fifty thousand dollars; and (C) in
1185 the case of [an exempt registrant] a person exempt from licensure as a
1186 mortgage lender, mortgage correspondent lender or mortgage broker
1187 under subdivision (4) of subsection (a) of section 36a-487, as amended
1188 by this act, the surety bond shall cover all mortgage loan originators
1189 sponsored by such [exempt registrant] person and comply with the
1190 requirements set forth in section 36a-671d, as amended by this act.

1191 (4) [(A)] The principal on a bond required by [subdivisions (1) and
1192 (2) of this subsection shall annually confirm, in connection with any
1193 renewal request,] this section shall file quarterly reports on the system
1194 reflecting residential mortgage loan volume in accordance with
1195 subsection (c) of section 36a-534b, as amended by this act, to confirm
1196 that it maintains the required penal sum in an amount required by
1197 subsection (d) of this section. [after review of the preceding four-
1198 quarter period ending June thirtieth.] The principal shall file such
1199 information as the commissioner may require under subsection (d) of
1200 this section and shall file, as the commissioner may require, pursuant
1201 to [subdivision] subsection (d) of this section, any bond rider or
1202 endorsement to the surety bond on file with the commissioner to
1203 reflect any changes necessary to maintain the surety bond coverage
1204 required by this section.

1205 [(B) The principal on a bond required by subdivision (3) of this
1206 subsection shall annually confirm, in connection with any renewal
1207 request, that it maintains the required penal sum in an amount
1208 required by subsection (d) of this section after review of the preceding
1209 four-quarter period ending June thirtieth. The principal shall file such
1210 information as the commissioner may require under subsection (d) of
1211 this section and shall file, as the commissioner may require pursuant to
1212 subsection (d) of this section, any bond rider or endorsement to the
1213 surety bond on file with the commissioner to reflect any changes
1214 necessary to maintain the surety bond coverage required by this
1215 section.]

1216 (5) The commissioner may adopt regulations in accordance with
1217 chapter 54 with respect to the requirements for such surety bonds.

1218 (b) [The] Except for the bond required by subparagraph (C) of
1219 subdivision (3) of subsection (a) of this section, the bond required by
1220 subsection (a) of this section shall be (1) in a form approved by the
1221 Attorney General, and (2) conditioned upon the mortgage lender,
1222 mortgage correspondent lender or mortgage broker licensee and any

1223 mortgage loan originator licensee sponsored by such mortgage lender,
1224 mortgage correspondent lender or mortgage broker or, in the case of a
1225 mortgage loan originator licensee sponsored by an exempt registrant,
1226 upon such mortgage loan originator licensee faithfully performing any
1227 and all written agreements or commitments with or for the benefit of
1228 borrowers and prospective borrowers, truly and faithfully accounting
1229 for all funds received from a borrower or prospective borrower by the
1230 licensee in the licensee's capacity as a mortgage lender, mortgage
1231 correspondent lender, mortgage broker or mortgage loan originator,
1232 and conducting such mortgage business consistent with the provisions
1233 of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by
1234 this act, 36a-534a and 36a-534b, as amended by this act. Any borrower
1235 or prospective borrower who may be damaged by failure to perform
1236 any written agreements or commitments, or by the wrongful
1237 conversion of funds paid by a borrower or prospective borrower to a
1238 licensee, may proceed on such bond against the principal or surety
1239 thereon, or both, to recover damages. Any borrower or prospective
1240 borrower who may be damaged by a mortgage lender, mortgage
1241 correspondent lender, mortgage broker or mortgage loan originator
1242 licensee's failure to satisfy a judgment against the licensee arising from
1243 the making or brokering of a nonprime home loan, as defined in
1244 section 36a-760, may proceed on such bond against the principal or
1245 surety thereon, or both, to recover the amount of the judgment. The
1246 commissioner may proceed on such bond against the principal or
1247 surety thereon, or both, to collect any civil penalty imposed upon a
1248 licensee pursuant to subsection (a) of section 36a-50 and any unpaid
1249 costs of examination of a licensee as determined pursuant to section
1250 36a-65, as amended by this act, and effective April 1, 2019, any
1251 restitution imposed pursuant to subsection (c) of section 36a-50 and
1252 unpaid assessment as determined pursuant to section 36a-65, as
1253 amended by this act, as applicable. The proceeds of the bond, even if
1254 commingled with other assets of the principal, shall be deemed by
1255 operation of law to be held in trust for the benefit of such claimants
1256 against the principal in the event of bankruptcy of the principal and

1257 shall be immune from attachment by creditors and judgment creditors.
1258 The bond shall run concurrently with the period of the license for the
1259 main office and the aggregate liability under the bond shall not exceed
1260 the penal sum of the bond. The principal shall notify the commissioner
1261 of the commencement of an action on the bond. When an action is
1262 commenced on a principal's bond, the commissioner may require the
1263 filing of a new bond and immediately on recovery on any action on the
1264 bond, the principal shall file a new bond.

1265 (c) The surety company shall have the right to cancel the bond at
1266 any time by a written notice to the principal stating the date
1267 cancellation shall take effect, [. Such notice] provided the surety
1268 company notifies the commissioner in writing not less than thirty days
1269 prior to the effective date of cancellation. If the bond is issued
1270 electronically on the system, written notice of cancellation may be
1271 provided by the surety company to the principal and the
1272 commissioner through the system at least thirty days prior to the date
1273 of cancellation. Any notice of cancellation not provided through the
1274 system shall be sent by certified mail to the principal and the
1275 commissioner at least thirty days prior to the date of cancellation. A
1276 surety bond shall not be cancelled unless the surety company notifies
1277 the commissioner in writing not less than thirty days prior to the
1278 effective date of cancellation. After receipt of such notification from the
1279 surety company, the commissioner shall give written notice to the
1280 principal of the date such bond cancellation shall take effect and such
1281 notice shall be deemed notice to each mortgage loan originator licensee
1282 sponsored by such principal. The commissioner shall automatically
1283 suspend the licenses of a mortgage lender, mortgage correspondent
1284 lender or mortgage broker on such date and inactivate the licenses of
1285 the mortgage loan originators sponsored by such lender,
1286 correspondent lender or broker. In the case of a cancellation of an
1287 exempt registrant's bond, the commissioner shall inactivate the licenses
1288 of the mortgage loan originators sponsored by such exempt registrant.
1289 No automatic suspension or inactivation shall occur if, prior to the date

1290 that the bond cancellation shall take effect, (1) the principal submits a
1291 letter of reinstatement of the bond from the surety company or a new
1292 bond, (2) the mortgage lender, mortgage correspondent lender or
1293 mortgage broker licensee has ceased business and has surrendered all
1294 licenses in accordance with subsection (a) of section 36a-490, as
1295 amended by this act, or (3) in the case of a mortgage loan originator
1296 licensee, the sponsorship with the mortgage lender, mortgage
1297 correspondent lender or mortgage broker who was automatically
1298 suspended pursuant to this section or, with the exempt registrant who
1299 failed to provide the bond required by this section, has been
1300 terminated and a new sponsor has been requested and approved. After
1301 a mortgage lender, mortgage correspondent lender or mortgage broker
1302 license has been automatically suspended pursuant to this section, the
1303 commissioner shall give such licensee notice of the automatic
1304 suspension, pending proceedings for revocation or refusal to renew
1305 pursuant to section 36a-494, as amended by this act, and an
1306 opportunity for a hearing on such action in accordance with section
1307 36a-51, as amended by this act, and require such licensee to take or
1308 refrain from taking such action as in the opinion of the commissioner
1309 will effectuate the purposes of this section. The commissioner may
1310 provide information to an exempt registrant concerning actions taken
1311 by the commissioner pursuant to this subsection against any mortgage
1312 loan originator licensee that was sponsored and bonded by such
1313 exempt registrant.

1314 (d) The penal sum of the bond required by subdivisions (1) to (3),
1315 inclusive, of subsection (a) of this section shall be determined as
1316 follows:

1317 (1) An applicant for an initial mortgage lender license or mortgage
1318 correspondent lender license shall file a bond in a penal sum of one
1319 hundred thousand dollars in connection with its application for the
1320 main office.

1321 (2) An applicant for an initial mortgage broker license shall file a

1322 bond in a penal sum of fifty thousand dollars in connection with its
1323 application for the main office.

1324 (3) An exempt registrant under subsection (d) of section 36a-487, as
1325 amended by this act, who is exempt from licensure under subdivision
1326 (1), (2) or (3) of subsection (a) of section 36a-487, as amended by this
1327 act, shall file a bond in a penal sum of one hundred thousand dollars
1328 the first time such exempt registrant sponsors a mortgage loan
1329 originator.

1330 (4) An exempt registrant under subsection (d) of section 36a-487, as
1331 amended by this act, who is exempt from licensure under subsection
1332 (b) of section 36a-487, as amended by this act, shall file a bond in a
1333 penal sum of fifty thousand dollars the first time such exempt
1334 registrant sponsors a mortgage loan originator.

1335 (5) [An exempt registrant under subsection (d) of section 36a-487,
1336 who is] Persons exempt from licensure under subdivision (4) of
1337 subsection (a) of section 36a-487, as amended by this act, shall file a
1338 bond in a penal sum as set forth in section 36a-671d, as amended by
1339 this act.

1340 (6) (A) For mortgage lender and mortgage correspondent lender
1341 licensees and persons sponsoring and bonding at least one mortgage
1342 loan originator as an exempt registrant under subsection (d) of section
1343 36a-487, as amended by this act, and who are exempt from licensing
1344 under subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as
1345 amended by this act, if: (i) The aggregate dollar amount of all
1346 residential mortgage loans originated by such licensee at all licensed
1347 locations or by the exempt registrant during the preceding four
1348 quarters ending June thirtieth is less than thirty million dollars, the
1349 penal sum of the bond shall be one hundred thousand dollars; (ii) the
1350 aggregate dollar amount of all residential mortgage loans originated
1351 by such licensee at all licensed locations or by the exempt registrant
1352 during the preceding four quarters ending June thirtieth is thirty

1353 million dollars or more but less than one hundred million dollars, the
1354 penal sum of the bond shall be two hundred thousand dollars; (iii) the
1355 aggregate dollar amount of all residential mortgage loans originated
1356 by such licensee at all licensed locations or by the exempt registrant
1357 during the preceding four quarters ending June thirtieth is one
1358 hundred million dollars or more but less than two hundred fifty
1359 million dollars, the penal sum of the bond shall be three hundred
1360 thousand dollars; and (iv) the aggregate dollar amount of all
1361 residential mortgage loans originated by such licensee at all licensed
1362 locations or by the exempt registrant during the preceding four
1363 quarters ending June thirtieth is two hundred fifty million dollars or
1364 more, the penal sum of the bond shall be five hundred thousand
1365 dollars.

1366 (B) For mortgage broker licensees and persons who are sponsoring
1367 and bonding at least one mortgage loan originator as an exempt
1368 registrant under subsection (d) of section 36a-487, as amended by this
1369 act, and who are exempt from licensing under subsection (b) or (c) of
1370 section 36a-487, as amended by this act, if: (i) The aggregate dollar
1371 amount of all residential mortgage loans originated by such licensee at
1372 all licensed locations or by the exempt registrant during the preceding
1373 four quarters ending June thirtieth is less than thirty million dollars,
1374 the penal sum of the bond shall be fifty thousand dollars; (ii) the
1375 aggregate dollar amount of all residential mortgage loans originated
1376 by such licensee at all licensed locations or by the exempt registrant
1377 during the preceding four quarters ending June thirtieth is thirty
1378 million dollars or more but less than fifty million dollars, the penal
1379 sum of the bond shall be one hundred thousand dollars; and (iii) the
1380 aggregate dollar amount of all residential mortgage loans originated
1381 by such licensee at all licensed locations or by the exempt registrant
1382 during the preceding four quarters ending June thirtieth is fifty million
1383 dollars or more, the penal sum of the bond shall be one hundred fifty
1384 thousand dollars.

1385 (7) For purposes of this subsection, the aggregate dollar amount of

1386 all residential mortgage loans originated by such licensee or exempt
1387 registrant includes the aggregate dollar amount of all closed residential
1388 mortgage loans that the licensee or exempt registrant originated,
1389 brokered or made, as applicable.

1390 (8) Financial information necessary to verify the aggregate dollar
1391 amount of residential mortgage loans originated shall be filed with the
1392 commissioner, as the commissioner may require, and shall be reported
1393 on the system at such time and in such form as the system may
1394 require.

1395 (9) The commissioner may require a change in the penal sum of the
1396 bond if the commissioner determines at any time that the aggregate
1397 dollar amount of all residential mortgage loans originated warrants a
1398 change in the penal sum of the bond.

1399 Sec. 14. Section 36a-493 of the 2018 supplement to the general
1400 statutes is repealed and the following is substituted in lieu thereof
1401 (*Effective October 1, 2018*):

1402 (a) Each mortgage lender, mortgage correspondent lender and
1403 mortgage broker licensee, and each bona fide nonprofit organization
1404 exempt from licensure under subdivision (2) of subsection (b) of
1405 section 36a-487, as amended by this act, shall maintain adequate
1406 records of each residential mortgage loan transaction at the office
1407 named in the license, or, if requested by the commissioner, shall make
1408 such records available at such office or send such records to the
1409 commissioner by registered or certified mail, return receipt requested,
1410 or by any express delivery carrier that provides a dated delivery
1411 receipt, not later than five business days after requested by the
1412 commissioner to do so. Upon request, the commissioner may grant a
1413 licensee or exempt bona fide nonprofit organization additional time to
1414 make such records available or send them to the commissioner. Such
1415 records shall provide the following information: (1) A copy of any
1416 disclosures required under part III of chapter 669; (2) whether the

1417 licensee or exempt bona fide nonprofit organization acted as a
1418 mortgage lender, a mortgage correspondent lender, a mortgage broker,
1419 a mortgage lender and a mortgage broker, or a mortgage
1420 correspondent lender and a mortgage broker; (3) if the licensee or
1421 exempt bona fide nonprofit organization is acting as a mortgage lender
1422 or mortgage correspondent lender, and retains the residential
1423 mortgage loan or receives payments thereon, an adequate loan history
1424 for those loans retained or upon which payments are received,
1425 itemizing the amount and date of each payment and the unpaid
1426 balance at all times; (4) the purpose for which the loan was made; (5)
1427 the original or an exact copy of the note, loan agreement or other
1428 evidence of indebtedness and mortgage deed; (6) a statement signed
1429 by the borrower acknowledging the receipt of such statement which
1430 discloses the full amount of any fee, commission or consideration paid
1431 to the mortgage lender, mortgage correspondent lender and mortgage
1432 broker for all services in connection with the origination and
1433 settlement of the residential mortgage loan; (7) the name and address
1434 of the mortgage lender, mortgage correspondent lender and the
1435 mortgage broker, if any, involved in the loan transaction; (8) a copy of
1436 the initial and a copy of the final residential mortgage loan application
1437 taken from the borrower; and (9) a copy of all information used in
1438 evaluating the application.

1439 (b) For each loan that is made and serviced by a licensee or exempt
1440 bona fide nonprofit organization, the licensee or exempt bona fide
1441 nonprofit organization shall retain: (1) The records of such loan
1442 transaction for not less than two years following the final payment
1443 thereon, or the assignment of such loan, whichever occurs first, or such
1444 longer period as may be required by any other provision of law, and
1445 (2) copies of the note, Closing Disclosure or other settlement statement,
1446 or such other records as are sufficient to verify the mortgage lender's
1447 or mortgage correspondent lender's compliance with section 36a-498a,
1448 as amended by this act, for not less than five years from the date of the
1449 transaction.

1450 (c) For each loan transaction in which a licensee or exempt bona fide
1451 nonprofit organization acts as a mortgage lender, mortgage
1452 correspondent lender or mortgage broker but does not service the loan,
1453 the licensee or exempt bona fide nonprofit organization shall retain: (1)
1454 The records of such loan transaction for not less than two years from
1455 the date of the transaction or such longer period as may be required by
1456 any other provision of law, and (2) copies of the note, Closing
1457 Disclosure or other settlement statement, or such other records as are
1458 sufficient to verify the mortgage lender's or mortgage correspondent
1459 lender's compliance with section 36a-498a, as amended by this act, for
1460 not less than five years from the date of the transaction.

1461 (d) Each lead generator licensee shall maintain adequate records of
1462 its lead generation activities at the office named in the license, or, if
1463 requested by the commissioner, shall make such records available at
1464 such office or send such records to the commissioner by registered or
1465 certified mail, return receipt requested, or by any express delivery
1466 carrier that provides a dated delivery receipt, not later than five
1467 business days after such records are requested by the commissioner.
1468 Upon request, the commissioner may grant a lead generator licensee
1469 additional time to make such records available or send such records to
1470 the commissioner. Such records shall include, for the preceding two-
1471 year period: (1) Copies of all solicitation materials used in the lead
1472 generator's business regardless of medium, including, but not limited
1473 to, business cards, telephone scripts, mailers, electronic mail and radio,
1474 television and Internet advertisements; (2) records of any contact or
1475 attempted contact with a consumer, including the name, date, method
1476 and nature of contact, and any information provided to or received
1477 from the consumer; and (3) the name, address and, if applicable,
1478 unique identifier of any person who received, requested or contracted
1479 for leads or referrals and any fees or consideration charged or received
1480 for such services.

1481 (e) Any person who furnishes to a licensee or an exempt bona fide
1482 nonprofit organization any records required to be maintained under

1483 this section or any information necessary to complete such records
1484 may charge a fee to the licensee or exempt bona fide nonprofit
1485 organization in an amount not to exceed fifty dollars.

1486 Sec. 15. Section 36a-494 of the 2018 supplement to the general
1487 statutes is repealed and the following is substituted in lieu thereof
1488 (*Effective October 1, 2018*):

1489 (a) (1) The commissioner may suspend, revoke or refuse to renew
1490 any mortgage lender, mortgage correspondent lender or mortgage
1491 broker license or take any other action, in accordance with the
1492 provisions of section 36a-51, as amended by this act, for any reason
1493 which would be sufficient grounds for the commissioner to deny an
1494 application for such license under sections 36a-485 to [36a-498f] 36a-
1495 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-
1496 534b, as amended by this act, or if the commissioner finds that the
1497 licensee, any control person of the licensee, the qualified individual or
1498 branch manager, [with supervisory authority,] trustee, employee or
1499 agent of such licensee has done any of the following: (A) Made any
1500 material misstatement in the application; (B) committed any fraud,
1501 misappropriated funds or misrepresented, concealed, suppressed,
1502 intentionally omitted or otherwise intentionally failed to disclose any
1503 of the material particulars of any residential mortgage loan transaction,
1504 including disclosures required by subdivision (6) of subsection (a) of
1505 section 36a-493, as amended by this act, or part III of chapter 669 or
1506 regulations adopted pursuant thereto, to anyone entitled to such
1507 information; (C) violated any of the provisions of this title or of any
1508 regulation or order adopted or issued pursuant thereto, and pertaining
1509 to any such person, or any other law or regulation applicable to the
1510 conduct of its business; or (D) failed to perform any agreement with a
1511 licensee or a borrower. For purposes of this subdivision, "agent"
1512 includes any settlement agent used by the licensee and "settlement
1513 agent" means the person specified in any Closing Disclosure or other
1514 settlement statement, provided such settlement agent has been selected
1515 by the licensee. Any settlement agent whose name appears on the

1516 licensee's list of approved settlement agents shall be deemed selected
1517 by the licensee even if the settlement agent is selected from such list by
1518 the borrower.

1519 (2) The commissioner may suspend, revoke or refuse to renew any
1520 mortgage loan originator license or any loan processor or underwriter
1521 license or take any other action, in accordance with the provisions of
1522 section 36a-51, as amended by this act, for any reason which would be
1523 sufficient grounds for the commissioner to deny an application for
1524 such license under sections 36a-485 to [36a-498f] 36a-498e, inclusive, as
1525 amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by
1526 this act, or if the commissioner finds that the licensee has committed
1527 any fraud, misappropriated funds, misrepresented, concealed,
1528 suppressed, intentionally omitted or otherwise intentionally failed to
1529 disclose any of the material particulars of any residential mortgage
1530 loan transaction or has violated any of the provisions of this title or of
1531 any [regulations] regulation or order adopted or issued pursuant [to
1532 such title] thereto, and pertaining to any such person, or any other law
1533 or regulation applicable to the conduct of such licensee's business.

1534 (3) The commissioner may suspend, revoke or refuse to renew any
1535 lead generator license or take any other action, in accordance with the
1536 provisions of section 36a-51, as amended by this act, for any reason
1537 that would be sufficient grounds for the commissioner to deny an
1538 application for such license under sections 36a-485 to [36a-498f] 36a-
1539 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-
1540 534b, as amended by this act, or if the commissioner finds that the
1541 licensee, any control person of the licensee or qualified individual,
1542 trustee, employee or agent of such licensee has done any of the
1543 following: (A) Made any material misstatement in the application for
1544 licensure; (B) committed any fraud or misrepresentation in connection
1545 with such licensee's lead generator business; or (C) violated any of the
1546 provisions of this title or of any [regulations] regulation or order
1547 adopted or issued pursuant thereto, and pertaining to any such person,
1548 or any other law or regulation applicable to the conduct of such

1549 licensee's lead generator business.

1550 (b) Whenever it appears to the commissioner that (1) any person has
1551 violated, is violating or is about to violate any of the provisions of
1552 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
1553 act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, or any
1554 regulation adopted pursuant thereto, (2) any person is, was, or would
1555 be a cause of the violation of any such provisions or regulation due to
1556 an act or omission such person knew or should have known would
1557 contribute to such violation, or (3) any licensee has failed to perform
1558 any agreement with a borrower, committed any fraud,
1559 misappropriated funds or misrepresented, concealed, suppressed,
1560 intentionally omitted or otherwise intentionally failed to disclose any
1561 of the material particulars of any residential mortgage loan transaction,
1562 including disclosures required by subdivision (6) of subsection (a) of
1563 section 36a-493, as amended by this act, or part III of chapter 669 or
1564 regulations adopted pursuant thereto, to anyone entitled to such
1565 information, the commissioner may take action against such person or
1566 licensee in accordance with sections 36a-50 and 36a-52.

1567 (c) [(1)] The commissioner may order a licensee to remove any
1568 individual conducting business under sections 36a-485 to [36a-498f]
1569 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and
1570 36a-534b, as amended by this act, from office and from employment or
1571 retention as an independent contractor in the mortgage business in this
1572 state [whenever the commissioner finds as the result of an
1573 investigation that such individual: (A) Has violated any of said
1574 sections or any regulation or order issued thereunder; or (B) for any
1575 reason that would be sufficient grounds for the commissioner to deny
1576 a license under section 36a-489, by sending a notice to such individual
1577 by registered or certified mail, return receipt requested, or by any
1578 express delivery carrier that provides a dated delivery receipt. The
1579 notice shall be deemed received by such individual on the earlier of the
1580 date of actual receipt or seven days after mailing or sending. Any such
1581 notice shall include: (i) A statement of the time, place and nature of the

1582 hearing; (ii) a statement of the legal authority and jurisdiction under
1583 which the hearing is to be held; (iii) a reference to the particular
1584 sections of the general statutes, regulations or orders alleged to have
1585 been violated; (iv) a short and plain statement of the matters asserted;
1586 and (v) a statement indicating that such individual may file a written
1587 request for a hearing on the matters asserted not later than fourteen
1588 days after receipt of the notice. If the commissioner finds that the
1589 protection of borrowers requires immediate action, the commissioner
1590 may suspend any such individual from office and require such
1591 individual to take or refrain from taking such action as in the opinion
1592 of the commissioner will effectuate the purposes of this subsection, by
1593 incorporating a finding to that effect in such notice. The suspension or
1594 prohibition shall become effective upon receipt of such notice and,
1595 unless stayed by a court, shall remain in effect until the entry of a
1596 permanent order or the dismissal of the matters asserted] in
1597 accordance with section 5 of this act.

1598 [(2) If a hearing is requested within the time specified in the notice,
1599 the commissioner shall hold a hearing upon the matters asserted in the
1600 notice unless such individual fails to appear at the hearing. After the
1601 hearing, if the commissioner finds that any of the grounds set forth in
1602 subparagraph (A) or (B), of subdivision (1) of this subsection exist with
1603 respect to such individual, the commissioner may order the removal of
1604 such individual from office and from any employment in the mortgage
1605 business in this state. If such individual fails to appear at the hearing,
1606 the commissioner may order the removal of such individual from
1607 office and from employment in the mortgage business in this state.]

1608 (d) The commissioner may issue a temporary order to cease
1609 business under a license if the commissioner determines that such
1610 license was issued erroneously. [The commissioner shall give the
1611 licensee an opportunity for a hearing on such action in accordance
1612 with section 36a-52. Such temporary order shall become effective upon
1613 receipt by the licensee and, unless set aside or modified by a court,
1614 shall remain in effect until the effective date of a permanent order or

1615 dismissal of the matters asserted in the notice.] Such temporary order
1616 shall be issued in accordance with subsection (j) of section 36a-24b and
1617 section 36a-52.

1618 Sec. 16. Section 36a-496 of the general statutes is repealed and the
1619 following is substituted in lieu thereof (*Effective October 1, 2018*):

1620 No person engaged in the business of making residential mortgage
1621 loans in this state, whether licensed in accordance with the provisions
1622 of sections 36a-485 to [36a-498a] 36a-498e, inclusive, as amended by
1623 this act, 36a-534a and 36a-534b, as amended by this act, or exempt
1624 from licensing, shall accept applications or referral of applicants from,
1625 or pay a fee to, any mortgage broker or mortgage loan originator who
1626 is required to be licensed under said sections but was not, as of the
1627 time of the performance of such mortgage broker's or mortgage loan
1628 originator's services in connection with loans made or to be made by
1629 the mortgage lender or mortgage correspondent lender, licensed to act
1630 as such by the commissioner, if the mortgage lender or mortgage
1631 correspondent lender has actual knowledge that the mortgage broker
1632 or mortgage loan originator was not licensed by the commissioner.

1633 Sec. 17. Section 36a-498 of the general statutes is repealed and the
1634 following is substituted in lieu thereof (*Effective October 1, 2018*):

1635 (a) Except as provided in subsection (c) of this section, every
1636 advance fee paid or given, directly or indirectly, to a mortgage lender,
1637 mortgage correspondent lender or mortgage broker required to be
1638 licensed pursuant to sections 36a-485 to [36a-498f] 36a-498e, inclusive,
1639 as amended by this act, 36a-534a and 36a-534b, as amended by this act,
1640 shall be refundable.

1641 (b) No mortgage loan originator required to be licensed pursuant to
1642 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
1643 act, 36a-534a and 36a-534b, as amended by this act, shall accept
1644 payment of any advance fee except an advance fee on behalf of a
1645 mortgage lender, mortgage correspondent lender or mortgage broker

1646 licensee. Nothing in this subsection shall be construed as prohibiting
1647 the mortgage lender, mortgage correspondent lender or mortgage
1648 broker licensee from paying a mortgage loan originator all or part of
1649 an advance fee, provided such advance fee paid is not refundable
1650 under this section.

1651 (c) Subsection (a) of this section shall not apply if: (1) The person
1652 providing the advance fee and the mortgage lender, mortgage
1653 correspondent lender or mortgage broker agree in writing that the
1654 advance fee shall not be refundable, in whole or in part; and (2) the
1655 written agreement complies in all respects with the provisions of
1656 subsection (d) of this section.

1657 (d) An agreement under subsection (c) of this section shall meet all
1658 of the following requirements to be valid and enforceable: (1) The
1659 agreement shall be dated, signed by both parties, and be executed
1660 prior to the payment of any advance fee; (2) the agreement shall
1661 expressly state the total advance fee required to be paid and any
1662 amount of the advance fee that shall not be refundable; (3) the
1663 agreement shall clearly and conspicuously state any conditions under
1664 which the advance fee will be retained by the mortgage lender,
1665 mortgage correspondent lender or mortgage broker; (4) the term
1666 "nonrefundable" shall be used to describe each advance fee or portion
1667 thereof to which the term is applicable, and shall appear in boldface
1668 type in the agreement each time it is used; and (5) the form of the
1669 agreement shall (A) be separate from any other forms, contracts, or
1670 applications utilized by the mortgage lender, mortgage correspondent
1671 lender or mortgage broker, (B) contain a heading in a size equal to at
1672 least ten-point boldface type that shall title the form "AGREEMENT
1673 CONCERNING NONREFUNDABILITY OF ADVANCE FEE", (C)
1674 provide for a duplicate copy which shall be given to the person paying
1675 the advance fee at the time of payment of the advance fee, and (D)
1676 include such other specifications as the commissioner may by
1677 regulation prescribe.

1678 (e) An agreement under subsection (c) of this section that does not
1679 meet the requirements of subsection (d) of this section shall be
1680 voidable at the election of the person paying the advance fee.

1681 (f) (1) No mortgage lender, mortgage correspondent lender or
1682 mortgage broker required to be licensed pursuant to sections 36a-485
1683 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a and
1684 36a-534b, as amended by this act, shall enter into an agreement with or
1685 otherwise require any person to pay the mortgage lender, mortgage
1686 correspondent lender or mortgage broker for any fee, commission or
1687 other valuable consideration lost as a result of such person failing to
1688 consummate a residential mortgage loan, provided the mortgage
1689 lender, mortgage correspondent lender or mortgage broker may collect
1690 such fee, commission or consideration as an advance fee subject to the
1691 requirements of this section.

1692 (2) No mortgage broker required to be licensed pursuant to sections
1693 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
1694 534a and 36a-534b, as amended by this act, shall enter into an
1695 agreement with or otherwise require any person to pay the mortgage
1696 broker any fee, commission or other valuable consideration for the
1697 prepayment of the principal of a residential mortgage loan by such
1698 person before the date on which the principal is due.

1699 (g) (1) For the purposes of this subsection:

1700 (A) "Unfair or deceptive act or practice" means (i) the failure to
1701 clearly and conspicuously state in the initial phase of the solicitation
1702 that the solicitor is not affiliated with the mortgage lender, mortgage
1703 correspondent lender or mortgage broker with which the consumer
1704 initially applied, (ii) the failure to clearly and conspicuously state in
1705 the initial phase of the solicitation that the solicitation is based on
1706 personal information about the consumer that was purchased, directly
1707 or indirectly, from a consumer reporting agency without the
1708 knowledge or permission of the mortgage lender, mortgage

1709 correspondent lender or mortgage broker with which the consumer
1710 initially applied, (iii) the failure in the initial solicitation to comply
1711 with the provisions of the federal Fair Credit Reporting Act relating to
1712 prescreening solicitations that use consumer reports, including the
1713 requirement to make a firm offer of credit to the consumer, or (iv)
1714 knowingly or negligently using information from a mortgage trigger
1715 lead (I) to solicit consumers who have opted out of prescreened offers
1716 of credit under the federal Fair Credit Reporting Act, or (II) to place
1717 telephone calls to consumers who have placed their contact
1718 information on a federal or state Do Not Call list; and

1719 (B) "Mortgage trigger lead" means a consumer report obtained
1720 pursuant to Section 604(c)(1)(B) of the federal Fair Credit Reporting
1721 Act, 15 USC 1681b, where the issuance of the report is triggered by an
1722 inquiry made with a consumer reporting agency in response to an
1723 application for credit. "Mortgage trigger lead" does not include a
1724 consumer report obtained by a mortgage lender or mortgage
1725 correspondent lender that holds or services existing indebtedness of
1726 the applicant who is the subject of the report.

1727 (2) No mortgage lender, mortgage correspondent lender, mortgage
1728 broker or mortgage loan originator shall engage in an unfair or
1729 deceptive act or practice in soliciting an application for a residential
1730 mortgage loan when such solicitation is based, in whole or in part, on
1731 information contained in a mortgage trigger lead. Any violation of this
1732 subsection shall be deemed an unfair or deceptive trade practice under
1733 subsection (a) of section 42-110b.

1734 (h) No mortgage lender or mortgage correspondent lender shall
1735 include in a residential mortgage loan for which an application is
1736 received by such lender on or after October 1, 2009, a provision that
1737 increases the interest rate as a result of a default other than a failure to
1738 comply with a provision to maintain an automatic electronic payment
1739 feature where such maintenance provision has been provided in return
1740 for an interest rate reduction and the increase is no greater than such

1741 reduction.

1742 Sec. 18. Subsection (a) of section 36a-498a of the general statutes is
1743 repealed and the following is substituted in lieu thereof (*Effective*
1744 *October 1, 2018*):

1745 (a) No mortgage lender licensee or mortgage correspondent lender
1746 licensee under section 36a-489, as amended by this act, and no person
1747 exempt from licensure under [subdivision (1)] subdivisions (1) to (3),
1748 inclusive, of subsection (a) and subdivisions (1) [,] and (4) [and (5)] of
1749 subsection (b) of section 36a-487, as amended by this act, making a first
1750 mortgage loan may charge, impose or cause to be paid, directly or
1751 indirectly, prepaid finance charges that exceed in the aggregate, the
1752 greater of five per cent of the principal amount of the loan or two
1753 thousand dollars. If the proceeds of the loan are used to refinance an
1754 existing loan, the aggregate of the prepaid finance charges for the
1755 current refinancing and any previous financings by such licensee or
1756 exempt person or affiliate of such licensee or exempt person within
1757 two years of the current refinancing shall not exceed the greater of five
1758 per cent of the principal amount of the initial loan or two thousand
1759 dollars. The provisions of this section shall not prohibit such licensee
1760 or exempt person from charging, imposing or causing to be paid,
1761 directly or indirectly, prepaid finance charges in addition to those
1762 permitted by this section in connection with any additional proceeds
1763 received by the borrower in the refinancing, provided such prepaid
1764 finance charges on the additional proceeds shall not exceed five per
1765 cent of the additional proceeds.

1766 Sec. 19. Section 36a-498d of the general statutes is repealed and the
1767 following is substituted in lieu thereof (*Effective October 1, 2018*):

1768 (a) The unique identifier of any mortgage loan originator or loan
1769 processor or underwriter licensed under section 36a-489, as amended
1770 by this act, shall be clearly shown on all residential mortgage loan
1771 application forms. [,] The unique identifier of any mortgage lender,

1772 mortgage correspondent lender, mortgage broker or lead generator
 1773 licensed under section 36a-489, as amended by this act, shall be clearly
 1774 shown on all solicitations or advertisements, including business cards
 1775 or web sites, and any other documents as established by rule,
 1776 regulation or order of the commissioner and shall be clearly stated in
 1777 all audio solicitations or advertisements. The unique identifier of a
 1778 mortgage loan originator or loan processor or underwriter licensed
 1779 under section 36a-489, as amended by this act, shall be clearly shown
 1780 on all solicitations or advertisements, including business cards or web
 1781 sites, and any other documents as established by rule, regulation or
 1782 order of the commissioner, and shall be clearly stated in all audio
 1783 solicitations or advertisements when disseminated by: (1) A mortgage
 1784 loan originator or loan processor or underwriter regarding such
 1785 individual's own services, or (2) the sponsor of such mortgage loan
 1786 originator or loan processor or underwriter if such solicitation or
 1787 advertisement identifies the services of a particular mortgage loan
 1788 originator or loan processor or underwriter.

1789 (b) The advertising of any person licensed under section 36a-489, as
 1790 amended by this act: (1) Shall not include any statement that such
 1791 person is endorsed in any way by this state, except that such
 1792 advertising may include a statement that such person is licensed in this
 1793 state; (2) shall not include any statement or claim that is false,
 1794 deceptive or misleading; (3) shall otherwise conform to the
 1795 requirements of sections 36a-485 to 36a-498e, inclusive, as amended by
 1796 this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, any
 1797 regulations issued thereunder and any other applicable law; and (4) be
 1798 retained for two years from the date of its use.

1799 Sec. 20. Section 36a-498e of the 2018 supplement to the general
 1800 statutes, as amended by section 9 of public act 17-233 and section 24 of
 1801 public act 17-236, is repealed and the following is substituted in lieu
 1802 thereof (*Effective October 1, 2018*):

1803 (a) No person who is required to be licensed and who is subject to

1804 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
1805 act, 36a-534a and 36a-534b, as amended by this act, may, directly or
1806 indirectly:

1807 (1) Employ any scheme, device or artifice to defraud or mislead
1808 borrowers or lenders or to defraud any person;

1809 (2) Engage in any unfair or deceptive practice toward any person;

1810 (3) Obtain property by fraud or misrepresentation;

1811 (4) Solicit or enter into a contract with a borrower that provides in
1812 substance that such person or individual may earn a fee or commission
1813 through "best efforts" to obtain a loan even though no loan is actually
1814 obtained for the borrower;

1815 (5) Solicit, advertise or enter into a contract for specific interest rates,
1816 points or other financing terms unless the terms are actually available
1817 at the time of soliciting, advertising or contracting;

1818 (6) Conduct any business as a mortgage lender, mortgage
1819 correspondent lender, mortgage broker, lead generator, mortgage loan
1820 originator or loan processor or underwriter without holding a valid
1821 license as required under sections 36a-485 to [36a-498f] 36a-498e,
1822 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
1823 amended by this act, or assist or [aide] aid and abet any person in the
1824 conduct of business as a mortgage lender, mortgage correspondent
1825 lender, mortgage broker, mortgage loan originator or loan processor or
1826 underwriter without a valid license as required under said sections;

1827 (7) Fail to make disclosures as required by sections 36a-485 to [36a-
1828 498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a
1829 and 36a-534b, as amended by this act, and any other applicable state or
1830 federal law including regulations thereunder;

1831 (8) Fail to comply with sections 36a-485 to [36a-498f] 36a-498e,
1832 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as

1833 amended by this act, or rules or regulations adopted under said
1834 sections or fail to comply with any other state or federal law, including
1835 the rules and regulations thereunder, applicable to any business
1836 authorized or conducted under said sections;

1837 (9) Make, in any manner, any false or deceptive statement or
1838 representation including, with regard to the rates, points or other
1839 financing terms or conditions for a residential mortgage loan, or
1840 engage in bait and switch advertising;

1841 (10) Negligently make any false statement or knowingly and
1842 wilfully make any omission of material fact in connection with any
1843 information or reports filed with a governmental agency or the system,
1844 as defined in section 36a-2, or in connection with any investigation
1845 conducted by the commissioner or another governmental agency;

1846 (11) Make any payment, threat or promise, directly or indirectly, to
1847 any person for the purposes of influencing the independent judgment
1848 of the person in connection with a residential mortgage loan as defined
1849 in section 36a-485, as amended by this act, or make any payment,
1850 threat or promise, directly or indirectly, to any appraiser of a property,
1851 for the purposes of influencing the independent judgment of the
1852 appraiser with respect to the value of the property;

1853 (12) Collect, charge, attempt to collect or charge or use or propose
1854 any agreement purporting to collect or charge any fee prohibited by
1855 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
1856 act, 36a-498h, 36a-534a and 36a-534b, as amended by this act;

1857 (13) Cause or require a borrower to obtain property insurance
1858 coverage in an amount that exceeds the replacement cost of the
1859 improvements as established by the property insurer; or

1860 (14) Fail to truthfully account for moneys belonging to a party to a
1861 residential mortgage loan transaction.

1862 (b) (1) No person, other than an individual, who is required to be
1863 licensed and is subject to sections 36a-485 to [36a-498f] 36a-498e,
1864 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1865 by this act, and no qualifying individual or branch manager shall fail
1866 to establish, enforce and maintain policies and procedures reasonably
1867 designed to achieve compliance with subsection (a) of this section.

1868 (2) No individual who (A) is required to be licensed as a mortgage
1869 loan originator, (B) is subject to sections 36a-485 to [36a-498f] 36a-498e,
1870 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1871 by this act, and (C) supervises loan processors or loan underwriters
1872 shall fail to enforce any policies and procedures established in
1873 accordance with subdivision (1) of this subsection.

1874 (3) No violation of this subsection shall be found unless the failure
1875 to establish, enforce and maintain policies and procedures resulted in
1876 conduct in violation of sections 36a-485 to [36a-498f] 36a-498e,
1877 inclusive, as amended by this act, 36a-498h, 36a-534a [to] and 36a-534b,
1878 inclusive, as amended by this act, or rules or regulations adopted
1879 under said sections or any other state or federal law, including the
1880 rules and regulations thereunder, applicable to any business
1881 authorized or conducted under said sections.

1882 Sec. 21. Section 36a-498g of the general statutes is repealed and the
1883 following is substituted in lieu thereof (*Effective October 1, 2018*):

1884 If any provision or application of section 36a-21, sections 36a-485 to
1885 [36a-498f] 36a-498e, inclusive, as amended by this act, or sections 36a-
1886 498h, 36a-534a and 36a-534b, as amended by this act, to any person or
1887 circumstance is held invalid by a court of this state, the remainder of
1888 said sections or the application of such provision to other persons or
1889 circumstances shall not be affected.

1890 Sec. 22. Section 36a-534b of the 2018 supplement to the general
1891 statutes is repealed and the following is substituted in lieu thereof
1892 (*Effective October 1, 2018*):

1893 (a) (1) In addition to any other duties imposed upon the
1894 commissioner by law, the commissioner shall require mortgage
1895 lenders, mortgage correspondent lenders, mortgage brokers, lead
1896 generators, mortgage loan originators and loan processors or
1897 underwriters to be licensed and registered through the system. In
1898 order to carry out this requirement, the commissioner shall participate
1899 in the system and permit the system to process applications for
1900 mortgage lender, mortgage correspondent lender, mortgage broker,
1901 lead generator, mortgage loan originator and loan processor or
1902 underwriter licenses in this state and receive and maintain records
1903 related to such licenses that are allowed or required to be maintained
1904 by the commissioner. For this purpose, the commissioner may
1905 establish requirements as necessary for participation in the system,
1906 including: (A) Background checks for criminal history through (i)
1907 fingerprint or other databases, (ii) civil or administrative records, or
1908 (iii) credit history or any other information as deemed necessary by the
1909 system; (B) the payment of fees to apply for or renew licenses through
1910 the system; (C) the setting or resetting of renewal or reporting dates;
1911 and (D) the requirements for amending or surrendering a license or
1912 any other such activities as the commissioner deems necessary for
1913 participation in the system. For the purpose of participating in the
1914 system, the commissioner may waive or modify, in whole or in part,
1915 by regulation or order, any requirement of this section and sections
1916 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
1917 498h, and 36a-534a and establish new requirements as reasonably
1918 necessary to participate in the system. For the purposes of
1919 implementing an orderly and efficient licensing process, the
1920 commissioner may adopt licensing regulations, in accordance with the
1921 provisions of chapter 54, and interim procedures for licensing and
1922 acceptance of applications. For previously licensed individuals, the
1923 commissioner may establish expedited review and licensing
1924 procedures.

1925 (2) The commissioner shall report regularly to the system violations

1926 of and enforcement actions under sections 36a-485 to [36a-498f] 36a-
1927 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-
1928 534b, as amended by this act, and other relevant information.

1929 (3) The commissioner may establish relationships or enter into
1930 contracts with the system or other entities designated by the system to
1931 collect and maintain records and process transaction fees or other fees
1932 related to licensees or other persons subject to sections 36a-485 to [36a-
1933 498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a
1934 and 36a-534b, as amended by this act.

1935 (4) For the purposes of sections 36a-485 to [36a-498f] 36a-498e,
1936 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
1937 amended by this act, and to reduce the points of contact that the
1938 Federal Bureau of Investigation may have to maintain for purposes of
1939 subsections (b) to (d), inclusive, of section 36a-488, as amended by this
1940 act, the commissioner may use the system as a channeling agent for
1941 requesting information from and distributing information to the
1942 United States Department of Justice or any governmental agency.

1943 (5) For the purposes of sections 36a-485 to [36a-498f] 36a-498e,
1944 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
1945 amended by this act, and to reduce the points of contact that the
1946 commissioner may have to maintain for purposes of subsections (b) to
1947 (d), inclusive, of section 36a-488, as amended by this act, and section
1948 36a-498h, the commissioner may use the system as a channeling agent
1949 for requesting and distributing information to and from any source, as
1950 directed by the commissioner.

1951 (6) Mortgage lenders, mortgage correspondent lenders, mortgage
1952 brokers, lead generators, mortgage loan originators and loan
1953 processors or underwriters may challenge information entered into the
1954 system by the commissioner. Such challenge shall (A) be made in
1955 writing to the commissioner, (B) set forth the specific information
1956 being challenged, and (C) include any evidence which supports the

1957 challenge. Challenges shall be limited to the factual accuracy of
1958 information within the system. If the commissioner determines that the
1959 information entered into the system is factually inaccurate, the
1960 commissioner shall take prompt action to correct such information.
1961 Nothing in this subdivision shall be construed to permit a challenge
1962 under this section to the merits or factual basis of any administrative
1963 action taken by the commissioner pursuant to this title.

1964 (b) Any licensing or license-related filings shall be submitted
1965 exclusively through the system, except as directed by the
1966 commissioner.

1967 (c) Any person making any filing or submission of any information
1968 on the system shall do so in accordance with the procedures and
1969 requirements of the system and pay the applicable fees or charges to
1970 the system. Each mortgage lender, mortgage correspondent lender,
1971 mortgage broker, lead generator, mortgage loan originator and loan
1972 processor or underwriter licensee and each exempt registrant, to the
1973 extent required by the system, shall timely submit to the system
1974 accurate reports of condition that shall be in such form and shall
1975 contain such information as the system may require. Failure by a
1976 licensee to submit a timely and accurate report of condition shall
1977 constitute a violation of this provision. Failure of an exempt registrant
1978 to timely and accurately submit a report of condition shall form a basis
1979 to inactivate the licenses of all sponsored mortgage loan originators or
1980 loan processor or underwriters. To the extent that the system does not
1981 require submission of reports of condition by individual mortgage
1982 loan originator or loan processor or underwriter licensees, such
1983 individual licensees shall timely and accurately report all required
1984 information in their possession to their sponsor for purposes of their
1985 sponsor's reporting obligation. Failure of an individual licensee to
1986 timely and accurately report required information in such licensee's
1987 possession to such licensee's sponsor shall constitute a violation of this
1988 provision.

1989 Sec. 23. Section 36a-535 of the 2018 supplement to the general
1990 statutes is repealed and the following is substituted in lieu thereof
1991 (*Effective October 1, 2018*):

1992 As used in sections 36a-535 to [36a-546] 36a-547, inclusive, as
1993 amended by this act, unless the context otherwise requires:

1994 (1) The terms "goods", "retail installment sale", "retail installment
1995 contract", "installment loan contract", "retail seller" and "retail buyer"
1996 have the same meanings as provided in section 36a-770;

1997 (2) "Sales finance company" means any person engaging in this state
1998 in the business, in whole or in part, of (A) acquiring retail installment
1999 contracts or installment loan contracts from the holders thereof, by
2000 purchase, discount or pledge, or by loan or advance to the holder of
2001 either on the security thereof, or otherwise, or (B) [acquiring retail
2002 installment loan contracts or installment loan contracts as described in
2003 subparagraph (A) of this subsection and subsequently conveying,
2004 assigning or otherwise transferring any interest in such contract to
2005 another person, but continuing to receive payments of principal and
2006 interest from a retail buyer under such contract] receiving payments of
2007 principal and interest from a retail buyer under a retail installment
2008 contract or installment loan contract whether such person owns such
2009 contract or has conveyed, assigned or otherwise transferred any
2010 interest in such contract to another person. "Sales finance company"
2011 does not include a bank, out-of-state bank, Connecticut credit union,
2012 federal credit union, or out-of-state credit union, if so engaged;

2013 (3) "Advertise" or "advertising" has the same meaning as provided
2014 in section 36a-485, as amended by this act; [and]

2015 (4) "Control person" has the same meaning as provided in section
2016 36a-485, as amended by this act;

2017 (5) "Branch office" means a location other than the main office at
2018 which a licensee or any person on behalf of a licensee acts as a sales

2019 finance company;

2020 (6) "Main office" has the same meaning as provided in section 36a-
2021 485, as amended by this act; and

2022 (7) "Unique identifier" has the same meaning as provided in section
2023 36a-485, as amended by this act.

2024 Sec. 24. Section 36a-536 of the general statutes is repealed and the
2025 following is substituted in lieu thereof (*Effective October 1, 2018*):

2026 No person, unless excluded from the definition of a "sales finance
2027 company" as provided in section 36a-535, as amended by this act, shall
2028 (1) engage in the business of a sales finance company unless [licensed
2029 as provided in sections 36a-535 to 36a-546, inclusive] such person has
2030 obtained a required license for its main office and for each branch
2031 office where such business is conducted in accordance with the
2032 provisions of sections 36a-535 to 36a-547, inclusive, as amended by this
2033 act, and (2) conduct any activity that is subject to licensure pursuant to
2034 sections 36a-535 to 36a-547, inclusive, as amended by this act, at any
2035 office located outside of the United States. A licensee under [said]
2036 sections 36a-535 to 36a-547, inclusive, as amended by this act, shall not
2037 be required to obtain any other license in this state in order to perform
2038 any act permitted or required to be performed by such licensee under
2039 said sections.

2040 Sec. 25. Section 36a-537 of the general statutes is repealed and the
2041 following is substituted in lieu thereof (*Effective October 1, 2018*):

2042 (a) [The application for a license as a sales finance company shall be
2043 on a form prescribed by the commissioner, in writing and under oath,
2044 together with such exhibits and other pertinent information as the
2045 commissioner may require. The application shall include (1) the
2046 history of criminal convictions of the applicant; and the partners, if the
2047 applicant is a partnership; the members, if the applicant is a limited
2048 liability company or association; or the officers, directors and principal

2049 employees if the applicant is a corporation; and (2) sufficient
2050 information pertaining to the history of criminal convictions, in a form
2051 acceptable to the commissioner, on such applicant, partners, directors,
2052 members, officers, and principal employees as the commissioner
2053 deems necessary to make findings under section 36a-541. The
2054 commissioner, in accordance with section 29-17a, may conduct a state
2055 and national criminal history records check of the applicant and of
2056 each partner, member, officer, director and principal employee of the
2057 applicant.] An application for a license as a sales finance company or
2058 for renewal of such license shall be made and processed on the system
2059 pursuant to section 36a-24b, in the form prescribed by the
2060 commissioner on the system. Each such form shall contain content as
2061 set forth by instruction or procedure of the commissioner and may be
2062 changed or updated as necessary by the commissioner in order to
2063 carry out the purposes of sections 36a-535 to 36a-547, inclusive, as
2064 amended by this act. The applicant shall, at a minimum, furnish to the
2065 system information concerning the identity of the applicant, any
2066 control person of the applicant, the qualified individual and any
2067 branch manager responsible for the actions of the licensee, including,
2068 but not limited to, information related to such person's personal
2069 history and experience, and any administrative, civil or criminal
2070 findings by any governmental jurisdiction.

2071 (b) As part of an application the commissioner may (1) in
2072 accordance with section 29-17a, conduct a state or national criminal
2073 history records check of the applicant, any control person of the
2074 applicant, the qualified individual or any branch manager; and (2) in
2075 accordance with section 36a-24b, (A) require the submission of
2076 fingerprints of the applicant, any control person of the applicant, the
2077 qualified individual or any branch manager to the Federal Bureau of
2078 Investigation or other state, national or international criminal
2079 databases, and (B) investigate the financial condition of any such
2080 person and require authorization of any such person for the system
2081 and the commissioner to obtain an independent credit report from a

2082 consumer reporting agency, as described in Section 603(p) of the Fair
2083 Credit Reporting Act, 15 USC 1681a, as amended from time to time.
2084 The commissioner may deem an application for a license as a sales
2085 finance company abandoned if the applicant fails to respond to any
2086 request for information required under sections 36a-535 to [36a-546]
2087 36a-547, inclusive, as amended by this act, or any regulations adopted
2088 pursuant to said sections 36a-535 to [36a-546] 36a-547, inclusive, as
2089 amended by this act. The commissioner shall notify the applicant [, in
2090 writing,] on the system that if such information is not submitted not
2091 later than sixty days after such request, the application shall be
2092 deemed abandoned. An application filing fee paid prior to the date an
2093 application is deemed abandoned pursuant to this section shall not be
2094 refunded. Abandonment of an application pursuant to this section
2095 shall not preclude the applicant from submitting a new application for
2096 a license under sections 36a-535 to [36a-546] 36a-547, inclusive, as
2097 amended by this act.

2098 Sec. 26. Section 36a-539 of the 2018 supplement to the general
2099 statutes is repealed and the following is substituted in lieu thereof
2100 (*Effective October 1, 2018*):

2101 (a) Each [person applying to the commissioner] applicant for a sales
2102 finance company license shall pay to the system any required fees or
2103 charges and a license fee of [eight] four hundred dollars. [, provided if
2104 such application is filed not earlier than one year before the date such
2105 license will expire, such person shall pay a license fee of four hundred
2106 dollars.] Each such license [issued pursuant to sections 36a-535 to 36a-
2107 546, inclusive,] shall expire at the close of business on [September
2108 thirtieth of the odd-numbered year following its issuance] December
2109 thirty-first of the year in which the license was approved, unless such
2110 license is renewed, and provided any such license that is [renewed
2111 effective July 1, 2003,] approved on or after November first shall expire
2112 [on September 30, 2005. Whenever an application for a license is filed
2113 under this section by any person who was a licensee under sections
2114 36a-535 to 36a-546, inclusive, and whose license expired less than sixty

2115 days prior to the date such application was filed, such application shall
2116 be accompanied by a one-hundred-dollar processing fee in addition to
2117 the application fee. Not more than one place of business shall be
2118 maintained under the same license, but the commissioner may issue
2119 more than one license to the same licensee upon receipt of an
2120 application and the payment of the appropriate license fee] at the close
2121 of business on December thirty-first of the year following the year in
2122 which it is approved. An application for renewal of a license shall be
2123 filed between November first and December thirty-first of the year in
2124 which the license expires. Each applicant for renewal of a license shall
2125 pay to the system any required fees or charges and a renewal fee of
2126 four hundred dollars.

2127 (b) [If the commissioner determines that a check filed with the
2128 commissioner to pay a fee under subsection (a) of this section has been
2129 dishonored, the commissioner shall automatically suspend the license.
2130 The commissioner shall give the licensee notice of the automatic
2131 suspension pending proceedings for revocation and an opportunity for
2132 a hearing on such action in accordance with section 36a-51.] In
2133 accordance with section 36a-24b, the commissioner may automatically
2134 suspend any license if the licensee has received a deficiency on the
2135 system indicating that a required payment was Returned-ACH or
2136 returned pursuant to any other term as may be utilized by the system
2137 to indicate that payment was not accepted. After the license has been
2138 automatically suspended pursuant to this subsection, the
2139 commissioner shall (1) give such licensee notice of the automatic
2140 suspension pending proceedings for revocation or refusal to renew
2141 pursuant to section 36a-543, as amended by this act, and an
2142 opportunity for a hearing on such action in accordance with section
2143 36a-51, as amended by this act, and (2) require such licensee to take or
2144 refrain from taking such action that, in the opinion of the
2145 commissioner, will effectuate the purposes of this section.

2146 (c) No abatement of the license fee shall be made if the application is
2147 denied or withdrawn prior to issuance of the license or if the license is

2148 surrendered, revoked or suspended prior to the expiration of the
2149 period for which it was issued. All fees required by this section [and
2150 section 36a-542] shall be nonrefundable.

2151 (d) No person who is required to be licensed and who is subject to
2152 the provisions of sections 36a-535 to [36a-546] ~~36a-547~~, inclusive, as
2153 amended by this act, and no control person shall, directly or indirectly:
2154 (1) Employ any scheme, device or artifice to defraud or mislead any
2155 person in connection with a retail installment contract or a retail
2156 installment loan; (2) engage in any unfair or deceptive practice toward
2157 any person in connection with a retail installment contract or a retail
2158 installment loan; (3) obtain property by fraud or misrepresentation; (4)
2159 solicit, advertise or offer rates or other financing terms for a retail
2160 installment contract or a retail installment loan unless those rates or
2161 terms are actually available at the time of soliciting, advertising or
2162 offering such rates or terms; (5) fail to comply with the provisions of
2163 sections 36a-535 to [36a-546] ~~36a-547~~, inclusive, as amended by this act,
2164 or the rules or regulations adopted under said sections, or fail to
2165 comply with any other state or federal law, including the rules and
2166 regulations thereunder; (6) make, in any manner, any false or
2167 deceptive statement or representation, including with regard to rates
2168 or other financing terms or conditions or engage in bait and switch
2169 advertising; (7) negligently make any false statement or knowingly
2170 and wilfully make any omission of material fact in connection with any
2171 information or reports filed with a governmental agency or the system,
2172 or in connection with any investigation conducted by the
2173 commissioner or another governmental agency; (8) make any payment,
2174 threat or promise to any person for the purposes of influencing the
2175 independent judgment of the person in connection with the business of
2176 a sales finance company; (9) fail to truthfully account for moneys
2177 belonging to a party to a retail installment contract or retail installment
2178 loan; or (10) fail to establish, enforce and maintain policies and
2179 procedures for supervising employees, agents and office operations
2180 that are reasonably designed to achieve compliance with applicable

2181 laws and regulations concerning sales finance companies.

2182 Sec. 27. Section 36a-540 of the general statutes is repealed and the
2183 following is substituted in lieu thereof (*Effective October 1, 2018*):

2184 (a) Each license shall specify the location at which the business is to
2185 be conducted. [Each license shall be maintained at the location for
2186 which it was issued and shall be available for public inspection.] Such
2187 license shall not be transferable or assignable. [Any change of location
2188 of a licensee shall require only prior written notice to the
2189 commissioner. No licensee shall use any name other than the name
2190 specified on the license issued by the commissioner.] Any change in
2191 any control person of the licensee shall be the subject of an advance
2192 change notice filed on the system not later than sixty days prior to the
2193 effective date of such change and any change shall not occur without
2194 the commissioner's approval.

2195 (b) No licensee may use any name other than its legal name or a
2196 fictitious name approved by the commissioner, provided such licensee
2197 may not use its legal name if the commissioner disapproves use of
2198 such name. No licensee shall use any name or address other than
2199 specified on the license issued by the commissioner. A licensee may
2200 change the name of the licensee or address of the office specified on
2201 the most recent filing with the system if at least thirty calendar days
2202 prior to such change, the licensee files such change with the system
2203 and the commissioner does not disapprove such change, in writing, or
2204 request further information from the licensee within such thirty-day
2205 period.

2206 (c) The commissioner may automatically suspend any license for a
2207 violation of subsection (a) or (b) of this section. After the license has
2208 been automatically suspended pursuant to this subsection, the
2209 commissioner shall (1) provide the licensee notice of such automatic
2210 suspension pending proceedings for revocation of or refusal to renew
2211 the license pursuant to section 36a-543, as amended by this act, (2)

2212 provide the licensee an opportunity for a hearing in accordance with
2213 section 36a-51, as amended by this act, and (3) require the licensee to
2214 take or refrain from taking action that, in the opinion of the
2215 commissioner, is necessary to effectuate the purpose of this section.

2216 (d) Not later than fifteen days after a licensee ceases to engage in
2217 this state in the business of a sales finance company for any reason,
2218 including a business decision to terminate operations in this state,
2219 license revocation, bankruptcy or voluntary dissolution, such licensee
2220 shall surrender to the commissioner [in person or by registered or
2221 certified mail] in accordance with subsection (c) of section 36a-51, as
2222 amended by this act, its license for each location in which such licensee
2223 has ceased to engage in such business.

2224 Sec. 28. Section 36a-541 of the general statutes is repealed and the
2225 following is substituted in lieu thereof (*Effective October 1, 2018*):

2226 (a) If the commissioner finds, upon the filing of an application for a
2227 license as a sales finance company, that the financial responsibility,
2228 character, reputation, integrity and general fitness of the applicant,
2229 [and of the partners thereof if the applicant is a partnership, of the
2230 members if the applicant is a limited liability company or association,
2231 and of the officers, directors and principal employees if the applicant is
2232 a corporation,] the applicant's control persons, qualified individual
2233 and any branch manager are such as to warrant belief that the business
2234 will be operated soundly and efficiently, in the public interest and
2235 consistent with the purposes of sections 36a-535 to [36a-546] 36a-547,
2236 inclusive, as amended by this act, the commissioner may thereupon
2237 issue the applicant the license. If the commissioner fails to make such
2238 findings, or if the commissioner finds that the applicant has made any
2239 material misstatement in the application, the commissioner shall not
2240 issue a license, and shall notify the applicant of the denial and the
2241 reasons for such denial. The commissioner may deny an application if
2242 the commissioner finds that the applicant or [any partner, member,
2243 officer, director or principal employee of the applicant] the applicant's

2244 control persons, qualified individual or any branch manager has been
2245 convicted of any misdemeanor involving any aspect of the sales
2246 finance business, or any felony. Any denial of an application by the
2247 commissioner shall, when applicable, be subject to the provisions of
2248 section 46a-80. [Withdrawal of an application for a license shall
2249 become effective upon receipt by the commissioner of a notice of intent
2250 to withdraw such application. The commissioner may deny a license
2251 up to the date one year after the date the withdrawal became effective.]

2252 (b) The minimum standards for renewal of a sales finance license
2253 shall include the following: (1) The applicant continues to meet the
2254 minimum standards under subsection (a) of this section; (2) the
2255 applicant has paid all required fees for renewal of the license; and (3)
2256 the applicant has paid all outstanding examination fees or other
2257 moneys due to the commissioner. If the commissioner finds that
2258 requirements for license renewal set forth in this subsection are not
2259 met, the applicant's license shall expire. The commissioner may adopt
2260 procedures for the reinstatement of expired licenses consistent with the
2261 standards established by the system.

2262 (c) Each license shall remain in force and effect until the license has
2263 been surrendered, revoked or suspended or has expired in accordance
2264 with the provisions of sections 36a-535 to 36a-547, inclusive, as
2265 amended by this act.

2266 Sec. 29. Section 36a-542 of the general statutes is repealed and the
2267 following is substituted in lieu thereof (*Effective October 1, 2018*):

2268 [(a) Each person licensed as a sales finance company may renew
2269 such license by filing with the commissioner on or before September
2270 first of the year in which the license expires or, in the case of a license
2271 that expires on June 30, 2003, on or before June 1, 2003, a renewal
2272 application on a form prescribed by the commissioner under oath,
2273 together with such exhibits and other pertinent information as the
2274 commissioner may require. The license fee shall be eight hundred

2275 dollars, provided the license fee for renewal of a license that expires on
2276 June 30, 2003, shall be nine hundred dollars. Any renewal application
2277 filed with the commissioner under this section after September first, or
2278 in the case of a license that expires on June 30, 2003, after June 1, 2003,
2279 shall be accompanied by a one-hundred-dollar late fee and any such
2280 filing shall be deemed to be timely and sufficient for purposes of
2281 subsection (b) of section 4-182.

2282 (b) If the commissioner determines that a check filed with the
2283 commissioner to pay a fee under subsection (a) of this section for a
2284 renewal application has been dishonored, the commissioner shall
2285 automatically suspend the license or a renewal license that has been
2286 issued but is not yet effective. The commissioner shall give the licensee
2287 notice of the automatic suspension pending proceedings for revocation
2288 or refusal to renew and an opportunity for a hearing on such actions in
2289 accordance with section 36a-51.]

2290 (a) Except as otherwise specified in subsections (a) and (b) of section
2291 36a-540, as amended by this act, each sales finance company applicant
2292 or licensee, and each control person, qualified individual or branch
2293 manager of such applicant or licensee shall file on the system or, if the
2294 information cannot be filed on the system, notify the commissioner, in
2295 writing, of any change in the information such applicant, licensee,
2296 control person, qualified individual or branch manager most recently
2297 submitted to the system in connection with a sales finance company
2298 application or license not later than fifteen days from the date such
2299 applicant, licensee, control person, qualified individual or branch
2300 manager had reason to know of the change.

2301 (b) A sales finance company licensee shall file on the system or, if
2302 the information cannot be filed on the system, notify the commissioner,
2303 in writing, of the occurrence of any of the following developments
2304 within fifteen days of the date the licensee had reason to know of the
2305 occurrence of any such development:

2306 (1) Filing of a bankruptcy petition by the licensee or the
2307 consummation of a corporate restructuring of the licensee;

2308 (2) Filing of a criminal indictment against the licensee in any way
2309 related to the sales finance activities of the licensee, or receipt of
2310 notification of the filing of any criminal felony indictment or felony
2311 conviction of any control person, branch manager or qualified
2312 individual of the licensee;

2313 (3) Receiving notification of the initiation of license denial, cease and
2314 desist, suspension or revocation procedures, or other formal or
2315 informal action by any governmental agency against the licensee or
2316 any control person, branch managers or qualified individual of the
2317 licensee and the reasons therefor;

2318 (4) Receiving notification of the initiation of any action against the
2319 licensee or any control person, branch manager or qualified individual
2320 of the licensee by the Attorney General or the attorney general of any
2321 other state and the reasons therefor; or

2322 (5) Receiving of notification of the filing for bankruptcy of any
2323 control person, branch manager or qualified individual of the licensee.

2324 (c) Any person filing or submitting any information on the system
2325 shall do so in accordance with the procedures and requirements of the
2326 system and shall pay the applicable fees or charges to the system. Each
2327 sales finance company licensee, to the extent required by the system,
2328 shall timely submit to the system accurate reports of condition that
2329 shall be in such form and shall contain such information as the system
2330 may require. Failure by a licensee to submit a timely and accurate
2331 report of condition shall constitute a violation of this provision.

2332 (d) The unique identifier of any person licensed under section 36a-
2333 541, as amended by this act, shall be clearly shown on all solicitations
2334 or advertisements, including business cards or web sites, and any
2335 other documents as established by rule, regulation or order of the

2336 commissioner, and shall be clearly stated in all audio solicitations or
2337 advertisements. The solicitations or advertisements of any person
2338 licensed under section 36a-541, as amended by this act: (1) Shall not
2339 include any statement that such person is endorsed in any way by this
2340 state, except that such solicitations or advertisements may include a
2341 statement that such person is licensed in this state; (2) shall not include
2342 any statement or claim that is deceptive, false or misleading; (3) shall
2343 otherwise conform to the requirements of sections 36a-535 to 36a-541,
2344 inclusive, as amended by this act, any regulations issued thereunder
2345 and any other applicable law; and (4) shall be retained for two years
2346 from the date of use of such solicitation or advertisement.

2347 Sec. 30. Section 36a-543 of the general statutes is repealed and the
2348 following is substituted in lieu thereof (*Effective October 1, 2018*):

2349 (a) The commissioner may suspend, revoke or refuse to renew any
2350 sales finance company license or take any other action, in accordance
2351 with section 36a-51, as amended by this act, if any fact or condition
2352 exists which, if it had existed at the time of the original application for
2353 such license, would have warranted the commissioner's denial of such
2354 license or if the commissioner finds that [: (1) The] the licensee [,
2355 knowingly] or any control person of the licensee, qualified individual
2356 or branch manager with supervisory authority, trustee, employee or
2357 agent of such licensee has done any of the following: (1) Knowingly or
2358 without the exercise of due care to prevent such violation, has violated
2359 any provision of [sections 36a-535 to 36a-546, inclusive, or of any other
2360 law regulating] this title, or of any regulation or order adopted or
2361 issued pursuant thereto, and pertaining to any such person, or any
2362 other law or regulation applicable to the conduct of such licensee's
2363 installment sales financing [, or has] business; (2) failed to comply with
2364 any demand or requirement [,] made by the commissioner under and
2365 within the commissioner's authority; [of sections 36a-535 to 36a-546,
2366 inclusive; or (2) there has been] (3) made any material misstatement [or
2367 failure to give a true reply to a question] in the application [for] or in
2368 any filing made in connection with the license; [or (3) the licensee has]

2369 (4) defrauded any retail buyer to the buyer's damage; or (5) wilfully
2370 failed to perform any written agreement with any retail buyer. [; or (4)
2371 any fact or condition exists which, if it had existed at the time of the
2372 original application for such license, would have warranted the
2373 commissioner's denial of such license originally; or (5) in the case of a
2374 licensee other than a natural person, (A) any officer, director, trustee,
2375 member or partner of such licensee has been guilty of any act or
2376 omission which would be cause for revoking or suspending a license
2377 of such party as an individual; or (B) any other agent or employee of
2378 such licensee has been guilty of such act or omission and the licensee
2379 has approved or had knowledge thereof and, after such approval or
2380 knowledge, has retained the benefit, proceeds, profit or advantage of
2381 such act or omission or otherwise ratified it.]

2382 (b) The commissioner in the commissioner's discretion may revoke
2383 or suspend only the particular license with respect to which grounds
2384 for revocation or suspension are of general application to all locations,
2385 or if to more than one location, operated by such licensee, the
2386 commissioner shall revoke or suspend all of the licenses issued to such
2387 licensee or those licenses to which the grounds for revocation or
2388 suspension apply, as the case may be.

2389 (c) No suspension, revocation or surrender of any license shall
2390 impair or affect the obligation of any installment contract, obligation or
2391 credit agreement lawfully acquired previously thereto by the licensee.

2392 (d) Whenever it appears to the commissioner that (1) any person has
2393 violated, is violating or is about to violate any provision within the
2394 jurisdiction of the commissioner of sections 36a-535 to [36a-546] 36a-
2395 547, inclusive, as amended by this act, or any regulation adopted
2396 under said sections, [or that any] (2) any person is, was or would be a
2397 cause of the violation of any such provision or regulation due to an act
2398 or omission such person knew or should have known would
2399 contribute to such violation; or (3) any licensee has defrauded any
2400 retail buyer to the buyer's damage or wilfully failed to perform any

2401 written agreement with any retail buyer, the commissioner may take
2402 action against such person or such licensee in accordance with sections
2403 36a-50 and 36a-52.

2404 (e) The commissioner may order a licensee to remove any
2405 individual conducting business under sections 36a-535 to 36a-547,
2406 inclusive, as amended by this act, from office and from employment or
2407 retention as an independent contractor in the sales finance business in
2408 this state in accordance with section 5 of this act.

2409 (f) The commissioner may issue a temporary order to cease business
2410 under a license if the commissioner determines that such license was
2411 issued erroneously. Such temporary order shall be issued in
2412 accordance with subsection (j) of section 36a-24b.

2413 Sec. 31. Subdivision (4) of subsection (a) of section 36a-557 of the
2414 general statutes is repealed and the following is substituted in lieu
2415 thereof (*Effective October 1, 2018*):

2416 (4) A person who is a passive buyer of a small loan. For purposes of
2417 this subdivision, "passive buyer" means a person who: (A) Has
2418 acquired a small loan for investment purposes from a person who is
2419 either licensed or exempt from licensure under subdivisions (1) to (3),
2420 inclusive, of [this] subsection (b) of this section; (B) will receive the
2421 principal and interest and any other moneys due under the small loan
2422 through a person who is either licensed or exempt from licensure
2423 under subdivisions (1) to (3), inclusive, of [this] subsection (b) of this
2424 section; and (C) has had and will have no communications of any kind
2425 with the Connecticut borrower regarding the small loan it has
2426 acquired;

2427 Sec. 32. Subsection (c) of section 36a-557 of the general statutes is
2428 repealed and the following is substituted in lieu thereof (*Effective*
2429 *October 1, 2018*):

2430 (c) Loans made by an exempt person described in subsection (b) of

2431 this section shall be exempt from the provisions of sections 36a-555 to
2432 36a-573, inclusive, as amended by this act, including, without
2433 limitation, the provisions applicable to licensed persons, even if: (1)
2434 The exempt person utilizes the services of a person exempt from
2435 licensing or required to be licensed pursuant to section 36a-556 in
2436 connection with the small loans that are made or offered by the exempt
2437 person described in subsection (b) of this section; and (2) a person
2438 exempt from licensing or required to be licensed pursuant to section
2439 36a-556 engages in activities intended to assist a prospective
2440 Connecticut borrower or a Connecticut borrower in obtaining a small
2441 loan that is made or to be made by an exempt person described in
2442 subsection (b) of this section. Nothing in this subsection shall be
2443 construed as exempting persons required to be licensed pursuant to
2444 section 36a-556 from the requirements to obtain and maintain a license
2445 or from the provisions of sections 36a-562 to 36a-573, inclusive, as
2446 amended by this act. Notwithstanding the foregoing, no person
2447 licensed or required to be licensed under section 36a-556 shall engage
2448 in any of the activities described in subsection (a) of section 36a-556 for
2449 any small loan that has a disclosed APR in excess of thirty-six per cent
2450 if that small loan contains any condition or provision inconsistent with
2451 the requirements of subsections (d) to (g), inclusive, of section 36a-558.

2452 Sec. 33. Subdivision (3) of section 36a-560 of the general statutes is
2453 repealed and the following is substituted in lieu thereof (*Effective*
2454 *October 1, 2018*):

2455 (3) Take any (A) confession of judgment, (B) power of attorney, (C)
2456 note or promise to pay that does not state the actual amount of the
2457 loan, the time period for which the loan is made [of] and the charges
2458 for such loan, or (D) instrument related to the loan in which blanks are
2459 left to be filled after the loan is made;

2460 Sec. 34. Section 36a-562 of the general statutes is repealed and the
2461 following is substituted in lieu thereof (*Effective October 1, 2018*):

2462 In each case where a license is required by section 36a-556, the
2463 licensee shall have a main office license and may have a branch office
2464 license. All offices shall be located in the United States. Each main
2465 office shall have a qualified individual, who shall be responsible for
2466 the actions of the licensee and for supervising all aspects of the
2467 licensee's small loan business. Each branch shall have a branch
2468 manager, who shall be responsible for the actions of the licensee and
2469 for supervising all aspects of the branch's small loan business.

2470 Sec. 35. Section 36a-564 of the general statutes is repealed and the
2471 following is substituted in lieu thereof (*Effective October 1, 2018*):

2472 (a) Each applicant for a small loan license shall pay to the system
2473 any required fees or charges and a license fee of four hundred dollars.
2474 Each such license shall expire at the close of business on December
2475 thirty-first of the year in which the license was approved, unless such
2476 license is renewed, and provided any such license that is approved on
2477 or after November first shall expire at the close of business on
2478 December thirty-first of the year following the year in which it is
2479 approved. An application for renewal of a license shall be filed
2480 between November first and December thirty-first of the year in which
2481 the license expires. Each applicant for renewal of a small loan license
2482 shall pay to the system any required fees or charges and a renewal fee
2483 of four hundred dollars.

2484 (b) In accordance with section [36a-27b] 36a-24b, the commissioner
2485 [shall] may automatically suspend any license if such person receives a
2486 deficiency on the system indicating that a required payment was
2487 Returned-ACH or returned pursuant to any other term as may be
2488 utilized by the system to indicate that payment was not accepted. After
2489 the license has been automatically suspended pursuant to this
2490 subsection, the commissioner shall (1) give such licensee notice of the
2491 automatic suspension pending proceedings for revocation or refusal to
2492 renew pursuant to section 36a-570, as amended by this act, and an
2493 opportunity for a hearing on such action in accordance with section

2494 36a-51, as amended by this act, and (2) require such licensee to take or
2495 refrain from taking such action that, in the opinion of the
2496 commissioner, will effectuate the purposes of this section.

2497 (c) No abatement of the license fee shall be made if an application is
2498 denied or withdrawn prior to the issuance of the license or if the
2499 license is surrendered, revoked or suspended prior to the expiration of
2500 the period for which the license was issued. All fees required by this
2501 section shall be nonrefundable.

2502 Sec. 36. Subsections (e) and (f) of section 36a-565 of the general
2503 statutes are repealed and the following is substituted in lieu thereof
2504 (*Effective October 1, 2018*):

2505 (e) The minimum standards for renewal of a small loan license shall
2506 include the following: (1) The applicant continues to meet the
2507 minimum standards under [subsection (a)] subsections (a) and (d) of
2508 this section; (2) the applicant has paid all required fees for renewal of
2509 the license; and (3) the applicant has paid any outstanding examination
2510 fees or other moneys due to the commissioner. The license of a small
2511 loan lender failing to satisfy the minimum standards for license
2512 renewal shall expire. The commissioner may adopt procedures for the
2513 reinstatement of expired licenses consistent with the standards
2514 established by the system.

2515 (f) [(1) Withdrawal of an application for a license shall become
2516 effective upon the commissioner's acceptance on the system of a
2517 withdrawal request. The commissioner may deny a license up to the
2518 date one year after the date the withdrawal became effective.]
2519 Surrender of a license shall be governed by subsection (c) of section
2520 36a-51, as amended by this act. Not later than fifteen days after a
2521 licensee ceases to engage in this state in the business of a small loan
2522 lender for any reason, including a business decision to terminate
2523 operations in this state, license revocation, bankruptcy or voluntary
2524 dissolution, such licensee shall request surrender of the license on the

2525 system for each location in which such licensee has ceased to engage in
2526 such business.

2527 [(2) If the license expires due to the licensee's failure to renew, the
2528 commissioner may institute a revocation or suspension proceeding or
2529 issue an order suspending or revoking such license pursuant to section
2530 36a-570 not later than one year after the date of such expiration.]

2531 Sec. 37. Section 36a-566 of the general statutes is repealed and the
2532 following is substituted in lieu thereof (*Effective October 1, 2018*):

2533 (a) No license issued under section 36a-556 shall be assignable or
2534 transferable. Any [proposed] change in [the] any control [persons]
2535 person shall be the subject of an advance change notice filed on the
2536 system at least thirty days prior to the effective date of such change
2537 and any change [to the control persons] shall not occur without the
2538 commissioner's approval.

2539 (b) No licensee may use any name other than its legal name or a
2540 fictitious name approved by the commissioner, provided such licensee
2541 may not use its legal name if the commissioner disapproves of such
2542 name. No licensee shall engage in any activity requiring a small loan
2543 license under any other name or at any other place of business than
2544 that named in the license. Any proposed change in a licensee's name or
2545 to the licensee's place of business shall be the subject of an advance
2546 change notice filed on the system at least thirty days prior to the
2547 effective date of such change and any change to the licensee's name or
2548 place of business shall not be made without the commissioner's
2549 approval of such change.

2550 (c) The commissioner may automatically suspend any license for a
2551 violation of this section or upon a failure of the licensee to designate a
2552 qualified individual or branch manager who meets the requirements
2553 set forth in section 36a-562, as amended by this act, within thirty-days
2554 of the date such position becomes vacant. After the license has been
2555 automatically suspended pursuant to this subsection, the

2556 commissioner shall (1) provide the licensee notice of such automatic
2557 suspension pending proceedings for revocation of or refusal to renew
2558 the license pursuant to section 36a-570, as amended by this act, (2)
2559 provide the licensee an opportunity for a hearing in accordance with
2560 section 36a-51, as amended by this act, and (3) require the licensee to
2561 take or refrain from taking action that, in the opinion of the
2562 commissioner, is necessary to effectuate the purpose of this section.

2563 Sec. 38. Section 36a-567 of the general statutes is repealed and the
2564 following is substituted in lieu thereof (*Effective October 1, 2018*):

2565 (a) [A] Except as otherwise specified in section 36a-566, as amended
2566 by this act, each small loan license applicant or licensee, and each
2567 control person, qualified individual and branch manager of the
2568 applicant or licensee shall file any change in the information most
2569 recently submitted to the system by such licensee, control person,
2570 qualified individual or branch manager in connection with the
2571 application or license, [with the system] or, if the information cannot
2572 be filed on the system, [directly] notify the commissioner, in writing, of
2573 such change in the information not later than fifteen days after the
2574 applicant, licensee, control person, qualified individual or branch
2575 manager has reason to know of such change.

2576 (b) A licensee shall file with the system or, if the information cannot
2577 be filed on the system, [directly] notify the commissioner, in writing, of
2578 the occurrence of any of the following developments not later than
2579 fifteen days after the licensee had reason to know of the occurrence: (1)
2580 Filing for bankruptcy or the consummation of a corporate
2581 restructuring of the licensee; (2) filing of a criminal indictment against
2582 the licensee in any way related to the activities of the licensee or
2583 receiving notification of the filing of any criminal felony indictment or
2584 felony conviction of any of the licensee's control persons or qualified
2585 individual or branch manager; (3) receiving notification of the
2586 institution of a license denial, cease and desist, suspension or
2587 revocation procedures, or other formal or informal action by any

2588 governmental agency against the licensee or any control person,
2589 branch manager or qualified individual of the licensee and the reasons
2590 therefor; (4) receiving notification of the initiation of any action by the
2591 Attorney General or the attorney general of any other state and the
2592 reasons therefor; (5) receiving notification of a material adverse action
2593 against the licensee or any control person, branch manager or qualified
2594 individual of the licensee with respect to any existing line of credit or
2595 warehouse credit agreement; (6) receiving notification of any of the
2596 licensee's control persons or qualified individual or branch manager
2597 filing or having filed for bankruptcy; or (7) a decrease in the available
2598 funds required by section 36a-565, as amended by this act.

2599 Sec. 39. Subsection (b) of section 36a-568 of the general statutes is
2600 repealed and the following is substituted in lieu thereof (*Effective*
2601 *October 1, 2018*):

2602 (b) The advertising of a licensee: (1) Shall not include any statement
2603 that [it] such licensee is endorsed in any way by this state, except it
2604 may include a statement that [it] such licensee is licensed in this state;
2605 (2) shall not include any statement or claim which is deceptive, false or
2606 misleading; (3) shall be retained for [one year] two years from the date
2607 of its use; and (4) shall otherwise conform to the requirements of
2608 sections 36a-555 to 36a-573, inclusive, as amended by this act, and any
2609 regulations issued thereunder.

2610 Sec. 40. Section 36a-570 of the general statutes is repealed and the
2611 following is substituted in lieu thereof (*Effective October 1, 2018*):

2612 (a) The commissioner may suspend, revoke or refuse to renew any
2613 license issued under sections 36a-555 to 36a-573, inclusive, as amended
2614 by this act, or take any other action, in accordance with the provisions
2615 of section 36a-51, as amended by this act, for any reason that would be
2616 sufficient grounds for the commissioner to deny an application for
2617 such license under sections 36a-555 to 36a-573, inclusive, as amended
2618 by this act, or if the commissioner finds that the licensee or any control

2619 person of the licensee, qualified individual or branch manager with
2620 supervisory authority, trustee, employee or agent of such licensee has
2621 done any of the following: (1) Made any material misstatement in the
2622 application; (2) committed any fraud, misappropriated funds or
2623 misrepresented, concealed, suppressed, intentionally omitted or
2624 otherwise intentionally failed to disclose any of the material particulars
2625 of any small loan transaction to anyone entitled to such information,
2626 including, but not limited to, any disclosures required by part III of
2627 chapter 669 or regulations adopted pursuant thereto; (3) violated any
2628 of the provisions of this title [~~any regulations~~] or any regulation or
2629 order adopted or issued pursuant thereto, and pertaining to any such
2630 person or any other law or regulation applicable to the conduct of [its]
2631 such licensee's small loan business; or (4) failed to perform any
2632 agreement with a licensee or a borrower.

2633 (b) Whenever it appears to the commissioner that (1) any person has
2634 violated, is violating or is about to violate any of the provisions of
2635 sections 36a-555 to 36a-573, inclusive, as amended by this act, or any
2636 regulation adopted pursuant thereto, (2) any person is, was or would
2637 be a cause of the violation of any such provision or regulation due to
2638 an act or omission such person knew or should have known would
2639 contribute to such violation, or (3) any licensee has failed to perform
2640 any agreement with a borrower, committed any fraud,
2641 misappropriated funds or misrepresented, concealed, suppressed,
2642 intentionally omitted or otherwise intentionally failed to disclose any
2643 of the material particulars of any small loan transaction to anyone
2644 entitled to such information, including disclosures required by part III
2645 of chapter 669 or regulations adopted pursuant thereto, the
2646 commissioner may take action against such person or licensee in
2647 accordance with sections 36a-50 and 36a-52.

2648 (c) [(1)] The commissioner may order a licensee to remove any
2649 individual conducting business under sections 36a-555 to 36a-573,
2650 inclusive, as amended by this act, from office and from employment or
2651 retention as an independent contractor in the small loan business in

2652 this state [whenever the commissioner finds as the result of an
2653 investigation that such individual: (A) Has violated any of said
2654 sections or any regulations adopted pursuant thereto or any order
2655 issued thereunder, or (B) for any reason that would be sufficient
2656 grounds for the commissioner to deny a license under section 36a-565,
2657 by sending a notice to such individual by registered or certified mail,
2658 return receipt requested or by any express delivery carrier that
2659 provides a dated delivery receipt. The notice shall be deemed received
2660 by such individual on the earlier of the date of actual receipt or seven
2661 days after mailing or sending. Any such notice shall include: (i) A
2662 statement of the time, place and nature of the hearing; (ii) a statement
2663 of the legal authority and jurisdiction under which the hearing is to be
2664 held; (iii) a reference to the particular sections of the general statutes,
2665 regulations or orders alleged to have been violated; (iv) a short and
2666 plain statement of the matters asserted; and (v) a statement indicating
2667 that such individual may file a written request for a hearing on the
2668 matters asserted not later than fourteen days after receipt of the notice.
2669 If the commissioner finds that the protection of borrowers requires
2670 immediate action, the commissioner may suspend any such individual
2671 from office and require such individual to take or refrain from taking
2672 such action as, in the opinion of the commissioner, will effectuate the
2673 purposes of this subsection, by incorporating a finding to that effect in
2674 such notice. The suspension or prohibition shall become effective upon
2675 receipt of such notice and, unless stayed by a court, shall remain in
2676 effect until the entry of a permanent order or the dismissal of the
2677 matters asserted] in accordance with section 5 of this act.

2678 [(2) If a hearing is requested within the time specified in the notice,
2679 the commissioner shall hold a hearing upon the matters asserted in the
2680 notice unless such individual fails to appear at the hearing. After the
2681 hearing, if the commissioner finds that any of the grounds set forth in
2682 subparagraph (A) or (B) of subdivision (1) of this subsection exist with
2683 respect to such individual, the commissioner may order a licensee to
2684 remove such individual from office and from any employment in the

2685 small loan business in this state. If such individual fails to appear at the
2686 hearing, the commissioner may order the removal of such individual
2687 from office and from employment in the small loan business in this
2688 state.]

2689 (d) The commissioner may issue a temporary order to cease
2690 business under a license if the commissioner determines that such
2691 license was issued erroneously. [The commissioner shall give the
2692 licensee an opportunity for a hearing on such action in accordance
2693 with section 36a-52. Such temporary order shall become effective upon
2694 receipt by the licensee and, unless set aside or modified by a court,
2695 shall remain in effect until the effective date of a permanent order or
2696 dismissal of the matters asserted in the notice.] Such temporary order
2697 shall be issued in accordance with subsection (j) of section 36a-24b.

2698 Sec. 41. Section 36a-573 of the general statutes is repealed and the
2699 following is substituted in lieu thereof (*Effective October 1, 2018*):

2700 The commissioner may adopt such regulations, in accordance with
2701 chapter 54, as the commissioner deems necessary to administer and
2702 enforce the provisions of this section and sections 36a-555 to [36a-572]
2703 36a-570, inclusive, as amended by this act.

2704 Sec. 42. Section 36a-580 of the 2018 supplement to the general
2705 statutes is repealed and the following is substituted in lieu thereof
2706 (*Effective October 1, 2018*):

2707 (a) For purposes of this chapter:

2708 (1) "Advertise" or "advertising" has the same meaning as provided
2709 in section 36a-485, as amended by this act.

2710 (2) "Branch office" means a location other than the main office at
2711 which a licensee or any person on behalf of a licensee engages in the
2712 business of cashing checks, drafts or money orders for consideration;

2713 [(2)] (3) "Control person" has the same meaning as provided in

2714 section 36a-485, as amended by this act.

2715 [(3)] (4) "General facility" means a facility at a fixed location where a
2716 licensee may engage in the business of cashing checks, drafts or money
2717 orders and which is open to the general public for at least six hours per
2718 day four days per week.

2719 [(4)] (5) "Limited facility" means a mobile facility, where on no more
2720 than two days per week, on property occupied by an employer, a
2721 licensed operator of a general facility may, under written contract with
2722 such employer, engage in the business of cashing payroll checks for
2723 the employees of the employer.

2724 (6) "Main office" has the same meaning as provided in section 36a-
2725 485, as amended by this act.

2726 (7) "Unique identifier" has the same meaning as provided in section
2727 36a-485, as amended by this act.

2728 (b) The provisions of this section and sections 36a-581 to 36a-589,
2729 inclusive, as amended by this act, shall not apply to: (1) Checks, drafts
2730 or money orders cashed without consideration or charge; (2) checks,
2731 drafts or money orders cashed as an incident to the conduct of any
2732 other lawful business where not more than fifty cents is charged for
2733 cashing such check, draft or money order; or (3) any institution subject
2734 to and under the general supervision of any agency of the United
2735 States or any Connecticut bank or Connecticut credit union.

2736 Sec. 43. Section 36a-581 of the 2018 supplement to the general
2737 statutes is repealed and the following is substituted in lieu thereof
2738 (*Effective October 1, 2018*):

2739 (a) Except as provided for in section 36a-580, as amended by this
2740 act, no person shall engage in the business of cashing checks, drafts or
2741 money orders for consideration without obtaining a required general
2742 facility license [to operate a general facility or a license to operate a

2743 limited facility] for its main office and a general or limited facility
2744 license for each branch office location where such business is to be
2745 conducted. No person shall conduct any activity that is subject to
2746 licensure pursuant to sections 36a-580 to 36a-589, inclusive, as
2747 amended by this act, at any office outside of the United States.

2748 (b) Each licensee of a limited facility shall continuously maintain at
2749 least one operating general facility. A licensee of a limited facility shall
2750 not pay any compensation or consideration to any employer.

2751 (c) An application for a check cashing license or renewal of such
2752 license shall be [in writing, under oath and on a] made and processed
2753 on the system pursuant to section 36a-24b, in the form provided by the
2754 commissioner. Each such form shall contain content as set forth by
2755 instruction or procedure of the commissioner and may be changed or
2756 updated as necessary by the commissioner in order to carry out the
2757 purposes of sections 36a-580 to 36a-589, inclusive, as amended by this
2758 act. The [application] applicant shall, [set forth: (1) The name and
2759 address of the applicant; (2) if the applicant is a firm or partnership,
2760 the names and addresses of each member of the firm or partnership;
2761 (3) if the applicant is a corporation, the names and addresses of each
2762 officer, director, authorized agent and each shareholder owning ten
2763 per cent or more of the outstanding stock of such corporation; (4) if the
2764 applicant is a limited liability company, the names and addresses of
2765 each member and authorized agent of such limited liability company;
2766 (5) (A) the history of criminal convictions of the applicant; the
2767 members, if the applicant is a firm or partnership; the officers,
2768 directors, authorized agent and each shareholder owning ten per cent
2769 or more of the outstanding stock of the applicant, if the applicant is a
2770 corporation, and (B) sufficient information pertaining to the history of
2771 criminal convictions in a form acceptable to the commissioner on such
2772 applicant, members, officers, directors, authorized agent and
2773 shareholders as the commissioner deems necessary to make the
2774 findings under subsection (e) of this section; (6) each location where
2775 the check cashing business is to be conducted and the type of facility

2776 that will be operated at that location; (7) the business plan, which shall
2777 include the proposed days and hours of operation; (8) the amount of
2778 liquid assets available for each location which shall not be less than the
2779 amount specified in subdivision (7) of subsection (e) of this section; (9)
2780 for each limited facility, a copy of the executed contract evidencing the
2781 proposed arrangement between the applicant and the employer; and
2782 (10) any other information the commissioner may require. The
2783 commissioner, in accordance with section 29-17a, may conduct a state
2784 and national criminal history records check of the applicant and of
2785 each member, officer, director, authorized agent and shareholder
2786 owning ten per cent or more of the outstanding stock of the applicant]
2787 at minimum, furnish to the system information concerning the identity
2788 of the applicant, any control person of the applicant, the qualified
2789 individual and any branch manager responsible for the actions of the
2790 licensee, including, but not limited to, information related to such
2791 person's personal history and experience, and any administrative, civil
2792 or criminal findings by any governmental jurisdiction. Each
2793 application for an initial license shall also include: (1) Each location
2794 where the check cashing business is to be conducted and the type of
2795 facility that will be operated at that location; (2) the business plan of
2796 each location, which shall include the proposed days and hours of
2797 operation; (3) the amount of liquid assets available for each location,
2798 which shall not be less than the amount specified in subdivision (4) of
2799 subsection (e) of this section; (4) for each limited facility, a copy of the
2800 executed contract evidencing the proposed arrangement between the
2801 applicant and the employer; and (5) any other information that the
2802 commissioner may require. As part of an application, the
2803 commissioner may (A) in accordance with section 29-17a, conduct a
2804 state or national criminal history records check of the applicant, any
2805 control person of the applicant, the qualified individual and any
2806 branch manager, and (B) in accordance with section 36a-24b, (i) require
2807 the submission of fingerprints of the applicant, any control person of
2808 the applicant, the qualified individual and any branch manager to the
2809 Federal Bureau of Investigation or other state, national or international

2810 criminal databases, and (ii) investigate the financial condition of any
2811 such person and require authorization of any such person for the
2812 system and the commissioner to obtain an independent credit report
2813 from a consumer reporting agency, as described in Section 603(p) of
2814 the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to
2815 time.

2816 (d) [A licensee shall not change the name or the location specified
2817 on its license unless, prior to such change in name or location, the
2818 licensee files an application with the commissioner accompanied by
2819 the applicable name change fee or location transfer fee specified in
2820 section 36a-582 and receives the approval of the commissioner. A
2821 licensee of a limited facility shall not change its approved days and
2822 hours of operation unless, prior to any such change, the licensee files
2823 an application with and receives the approval of the commissioner. No
2824 licensee shall use any name other than the name specified on the
2825 license issued by the commissioner.] (1) No licensee may use any name
2826 other than its legal name or a fictitious name approved by the
2827 commissioner, provided such licensee may not use its legal name if the
2828 commissioner disapproves use of such name. No licensee shall use any
2829 name or address other than the name and address specified on the
2830 license issued by the commissioner. A licensee may change the name
2831 of the licensee or address of the office specified on the most recent
2832 filing with the system if, at least thirty calendar days prior to such
2833 change, the licensee files such change with the system and the
2834 commissioner does not disapprove such change, in writing, or request
2835 further information from the licensee within such thirty-day period.

2836 (2) A licensee of a limited facility shall not change its approved days
2837 and hours of operation, unless the licensee files an amendment on the
2838 system at least thirty days prior to the effective date of such change
2839 and receives the approval of the commissioner.

2840 (e) Upon the filing of the required application, [and] the applicable
2841 license fee and [location fees] any other required fees or charges, the

2842 commissioner shall investigate the facts and may issue a license if the
2843 commissioner finds that (1) the applicant [is] and the applicant's
2844 control persons, qualified individual and any branch managers are in
2845 all respects properly qualified and of good character, including, but
2846 not limited to, financial character, (2) [if the applicant is a firm or
2847 partnership, each member of the firm or partnership is in all respects
2848 properly qualified and of good character, (3) if the applicant is a
2849 corporation, each officer, director, authorized agent and each
2850 shareholder owning ten per cent or more of the outstanding stock of
2851 such corporation is in all respects properly qualified and of good
2852 character, (4) if the applicant is a limited liability company, each
2853 member and authorized agent is in all respects properly qualified and
2854 of good character, (5)] granting such license would not be against the
2855 public interest, [(6)] (3) the applicant has a feasible plan for conducting
2856 business, [(7)] (4) the applicant has available and shall continuously
2857 maintain liquid assets of at least ten thousand dollars for each general
2858 facility location and at least two thousand five hundred dollars for
2859 each limited facility location specified in the application, and [(8)] (5)
2860 the name of the applicant is not likely to cause a consumer to
2861 reasonably believe that such applicant is in any way endorsed by or
2862 affiliated with this state. If the commissioner fails to make such
2863 findings or if the commissioner finds that the applicant has made any
2864 material misstatement in the application, the commissioner shall not
2865 issue a license and shall notify the applicant of the denial and the
2866 reasons for such denial. The commissioner may deny an application if
2867 the commissioner finds that the applicant [or any member, officer,
2868 director or authorized agent or shareholder owning ten per cent or
2869 more of the outstanding stock of the applicant] or any control person,
2870 qualified individual or branch manager of the applicant has been
2871 convicted of any misdemeanor involving any aspect of the check
2872 cashing services business, or any felony. Any denial of an application
2873 by the commissioner shall, when applicable, be subject to the
2874 provisions of section 46a-80.

2875 (f) [An applicant or licensee shall promptly notify the commissioner,
2876 in writing, of any change in the information provided in its initial or
2877 renewal application for licensure or most recent renewal of such
2878 license.] Except as otherwise specified in subdivision (1) of subsection
2879 (a) of section 36a-583, as amended by this act, and subdivision (1) of
2880 subsection (d) of section 36a-581, as amended by this act, each check
2881 cashing applicant or licensee and each individual designated as a
2882 control person, qualified individual or branch manager of such
2883 applicant or licensee shall file to the system any change in the
2884 information such licensee, applicant, control person, qualified
2885 individual or branch manager most recently submitted to the system in
2886 connection with the application or license, or, if the information cannot
2887 be filed on the system, notify the commissioner, in writing, within
2888 fifteen days of the date such applicant, licensee, control person,
2889 qualified individual or branch manager had reason to know of the
2890 change. A check cashing licensee shall file with the system or, if the
2891 information cannot be filed on the system, notify the commissioner, in
2892 writing, of the occurrence of any of the following developments within
2893 fifteen days of the date the licensee had reason to know of the
2894 development:

2895 (1) Filing for bankruptcy or the consummation of a corporate
2896 restructuring of the licensee;

2897 (2) Filing of a criminal indictment against the licensee in any way
2898 related to the check cashing activities of the licensee, or receiving
2899 notification of the filing of any criminal felony indictment or felony
2900 conviction of any control person, branch manager or qualified
2901 individual of the licensee;

2902 (3) Receiving notification of the institution of license denial, cease
2903 and desist, suspension or revocation procedures, or other formal or
2904 informal action by any governmental agency against the licensee or
2905 any control person, branch manager or qualified individual of the
2906 licensee and the reasons therefor;

2907 (4) Receiving notification of the initiation of any action against the
2908 licensee or any control person, branch manager or qualified individual
2909 of the licensee by the Attorney General or the attorney general of any
2910 other state and the reasons therefor;

2911 (5) Receiving notification of filing for bankruptcy of any control
2912 person, branch manager or qualified individual of the licensee; or

2913 (6) Any decrease in the amount of liquid assets available for each
2914 location below the minimum amount required pursuant to subdivision
2915 (4) of subsection (e) of this section.

2916 (g) The commissioner may deem an application for a license for a
2917 general facility or limited facility abandoned if the applicant fails to
2918 respond to any request for information required under sections 36a-
2919 580 to 36a-589, inclusive, as amended by this act, or any regulations
2920 adopted pursuant to said sections 36a-580 to 36a-589, inclusive, as
2921 amended by this act. The commissioner shall notify the applicant [, in
2922 writing,] on the system that if such information is not submitted not
2923 later than sixty days after such request, the application shall be
2924 deemed abandoned. An application filing fee paid prior to the date an
2925 application is deemed abandoned pursuant to this subsection shall not
2926 be refunded. Abandonment of an application pursuant to this
2927 subsection shall not preclude the applicant from submitting a new
2928 application for a license under sections [36a-560] 36a-580 to 36a-589,
2929 inclusive, as amended by this act.

2930 (h) The minimum standards for renewal of a check cashing license
2931 shall include the following: (1) The applicant continues to meet the
2932 minimum standards under subsection (c) of this section; (2) the
2933 applicant has paid all required fees for renewal of the license; and (3)
2934 the applicant has paid any outstanding examination fees or other
2935 moneys due to the commissioner. The license of a check cashing
2936 licensee failing to satisfy the minimum standards for license renewal
2937 shall expire. The commissioner may adopt procedures for the

2938 reinstatement of expired licenses consistent with the standards
2939 established by the system. Each license shall remain in force and effect
2940 until the license has been surrendered, revoked or suspended or has
2941 expired in accordance with the provisions of sections 36a-580 to 36a-
2942 589, inclusive, as amended by this act.

2943 Sec. 44. Section 36a-582 of the general statutes is repealed and the
2944 following is substituted in lieu thereof (*Effective October 1, 2018*):

2945 (a) Each applicant for a check cashing license shall pay to the
2946 [commissioner] system any required fees or charges and a
2947 nonrefundable initial license fee of [two] one thousand one hundred
2948 dollars. [and a nonrefundable location fee of two hundred dollars for
2949 each location, except that if such application is filed not earlier than
2950 one year before the date such license will expire, the applicant shall
2951 pay to the commissioner a nonrefundable initial license fee of one
2952 thousand dollars and a nonrefundable location fee of one hundred
2953 dollars for each location. Each licensee shall pay to the commissioner a
2954 nonrefundable (1) name change fee of one hundred dollars for each
2955 application to change a name, and (2) location transfer fee of one
2956 hundred dollars for each application to transfer a location.] Each
2957 license issued pursuant to section 36a-581, as amended by this act,
2958 shall expire at the close of business on [September thirtieth of the odd-
2959 numbered year following its issuance unless such license is renewed,
2960 provided any license that is renewed effective July 1, 2007, shall expire
2961 on September 30, 2009, unless renewed. Each licensee shall, on or
2962 before September first of the year in which the license expires, pay to
2963 the commissioner a renewal license fee of one thousand five hundred
2964 dollars and a renewal location fee for each location of one hundred
2965 dollars for the succeeding two years, commencing October first. In the
2966 case of a license that expires on June 30, 2007, each licensee shall, on or
2967 before June 1, 2007, pay to the commissioner a renewal license fee of
2968 one thousand six hundred eighty-eight dollars and a renewal location
2969 fee of one hundred thirteen dollars. Any renewal application filed with
2970 the commissioner after September first, or in the case of a license that

2971 expires on June 30, 2007, after June 1, 2007, shall be accompanied by a
2972 one-hundred-dollar late fee and any such filing shall be deemed to be
2973 timely and sufficient for purposes of subsection (b) of section 4-182.
2974 Each licensee shall file with the commissioner, not later than
2975 September first of each even-numbered year, the information required
2976 by subdivision (8) of subsection (c) of section 36a-581.] December
2977 thirty-first of the year in which the license is approved, unless such
2978 license is renewed, and provided any such license approved on or after
2979 November first shall expire at the close of business on December
2980 thirty-first of the year following the year in which it is approved. An
2981 application for renewal of a license shall be filed between November
2982 first and December thirty-first of the year in which such license
2983 expires. Each applicant for the renewal of such license shall pay to the
2984 system any required fees or charges and a nonrefundable renewal fee
2985 of eight hundred dollars.

2986 (b) [If the commissioner determines that a check filed with the
2987 commissioner to pay a license or location fee has been dishonored, the
2988 commissioner shall automatically suspend the license or approval or a
2989 renewal license that has been issued but is not yet effective. The
2990 commissioner shall give the licensee notice of the automatic
2991 suspension pending proceedings for revocation or refusal to renew
2992 such license and an opportunity for a hearing on such actions in
2993 accordance with section 36a-51.] The commissioner may, in accordance
2994 with section 36a-24b, automatically suspend the license of any licensee
2995 who has received a deficiency on the system indicating that a required
2996 payment was Returned-ACH or returned pursuant to any other term
2997 as may be utilized by the system to indicate that payment was not
2998 accepted. After the license has been automatically suspended pursuant
2999 to this subsection, the commissioner shall (1) give the licensee notice of
3000 such automatic suspension pending proceedings for revocation of or
3001 refusal to renew the license pursuant to section 36a-587, as amended
3002 by this act, and an opportunity for a hearing in accordance with
3003 section 36a-51, as amended by this act, and (2) require the licensee to

3004 take or refrain from taking action that, in the opinion of the
3005 commissioner, is necessary to effectuate the purpose of this section.

3006 (c) Each [applicant or] licensee shall pay the expenses of any
3007 examination or other investigation under sections 36a-580 to 36a-589,
3008 inclusive, as amended by this act.

3009 (d) No abatement of [the license or location fee] any fee required by
3010 this section shall be made if the application is denied or withdrawn
3011 prior to issuance of the license or if the license is surrendered,
3012 cancelled, revoked or suspended prior to the expiration of the period
3013 for which it was issued.

3014 Sec. 45. Section 36a-583 of the general statutes is repealed and the
3015 following is substituted in lieu thereof (*Effective October 1, 2018*):

3016 (a) (1) [The license for each facility shall be conspicuously posted in
3017 that facility during the hours of operation. Such] A license issued
3018 under section 36a-581, as amended by this act, shall not be transferable
3019 or assignable. A change in any control person shall be the subject of an
3020 advance change notice filed on the system at least sixty days prior to
3021 the effective date of such change and any change shall not occur
3022 without the commissioner's approval.

3023 (2) The commissioner may automatically suspend any license for a
3024 violation of subdivision (1) of this subsection or for a violation of
3025 subdivision (1) of subsection (d) of section 36a-581, as amended by this
3026 act. After the license has been automatically suspended pursuant to
3027 this subsection, the commissioner shall (A) provide the licensee notice
3028 of such automatic suspension pending proceedings for revocation of or
3029 refusal to renew the license pursuant to section 36a-587, as amended
3030 by this act, (B) provide the licensee an opportunity for a hearing in
3031 accordance with section 36a-51, as amended by this act, and (C) require
3032 the licensee to take or refrain from taking action that, in the opinion of
3033 the commissioner, is necessary to effectuate the purpose of this section.

3034 (b) Not later than fifteen days after a licensee ceases to engage in
3035 this state in the business of cashing checks, drafts or money orders for
3036 consideration at a general facility or limited facility for any reason,
3037 including, but not limited to, a business decision to terminate
3038 operations in this state, license revocation, bankruptcy or voluntary
3039 dissolution, such licensee shall surrender [to the commissioner in
3040 person or by registered or certified mail] in accordance with subsection
3041 (c) of section 36a-51, as amended by this act, its license for each
3042 location in which such licensee has ceased to engage in such business.

3043 Sec. 46. Subsection (c) of section 36a-584 of the general statutes is
3044 repealed and the following is substituted in lieu thereof (*Effective*
3045 *October 1, 2018*):

3046 (c) Not later than January 15, [2006] 2019, and quarterly thereafter,
3047 each check cashing licensee shall submit a report to the commissioner
3048 that specifies the number and type of checks cashed by such licensee
3049 [and the number of checks cashed] that exceed [two] six thousand [five
3050 hundred] dollars during the previous calendar quarter, unless no such
3051 activity occurred in the previous quarter, in which case, the licensee
3052 shall file a written statement to that effect. Each check cashing licensee
3053 shall, to the extent required by the system, timely submit to the system
3054 accurate reports of condition that shall be in such form and shall
3055 contain such information as the system may require. Failure by a
3056 licensee to submit timely and accurate reports shall constitute a
3057 violation of this provision. Any person making any filing or
3058 submission of any information on the system shall do so in accordance
3059 with the procedures and requirements of the system and pay the
3060 applicable fees or charges to the system.

3061 Sec. 47. Section 36a-586 of the 2018 supplement to the general
3062 statutes is repealed and the following is substituted in lieu thereof
3063 (*Effective October 1, 2018*):

3064 (a) Each check cashing licensee shall use and maintain at a general

3065 facility in this state, in the form satisfactory to the commissioner, such
3066 books, records and accounts as will enable the commissioner to
3067 determine whether the licensee is complying with the provisions of
3068 sections 36a-580 to 36a-589, inclusive, as amended by this act. Each
3069 licensee shall retain such books, records and accounts for not less than
3070 the periods of time specified in regulations adopted by the
3071 commissioner in accordance with section 36a-588.

3072 (b) Before a check cashing licensee deposits with any financial
3073 institution a check, draft or money order cashed by such licensee, the
3074 item shall be endorsed with the actual name under which the licensee
3075 is doing business and must have the words "licensed check cashing
3076 service" legibly written or stamped immediately after or below such
3077 name.

3078 (c) Each check cashing licensee shall comply with the applicable
3079 provisions of the Currency and Foreign Transactions Reporting Act, 31
3080 USC Section 5311 et seq., as from time to time amended, and any
3081 regulations adopted under such provisions, as from time to time
3082 amended.

3083 (d) No person required to be licensed and who is subject to the
3084 provisions of sections 36a-580 to 36a-589, inclusive, as amended by this
3085 act, and no control person shall, directly or indirectly: (1) Employ any
3086 scheme, device or artifice to defraud or mislead any person in
3087 connection with a check cashing transaction; (2) engage in any unfair
3088 or deceptive practice toward any person in connection with a check
3089 cashing transaction; (3) obtain property by fraud or misrepresentation;
3090 (4) fail to comply with the provisions of sections 36a-580 to 36a-589,
3091 inclusive, as amended by this act, or the rules or regulations adopted
3092 under said sections, or fail to comply with any other state or federal
3093 law, including the rules and regulations thereunder; (5) make, in any
3094 manner, any false or deceptive statement or representation in
3095 connection with a check cashing transaction or engage in bait and
3096 switch advertising; (6) negligently make any false statement or

3097 knowingly and wilfully make any omission of material fact in
3098 connection with any information or reports filed with a governmental
3099 agency or the system, or in connection with any investigation
3100 conducted by the commissioner or another governmental agency; (7)
3101 collect, charge, attempt to collect or charge or use or propose any
3102 agreement purporting to collect or charge any fee prohibited by
3103 sections 36a-580 to 36a-589, inclusive, as amended by this act; (8) fail to
3104 truthfully account for moneys belonging to a party to a check cashing
3105 transaction; (9) fail to comply with any demand or requirement made
3106 by the commissioner under and within the authority of sections 36a-
3107 580 to 36a-589, inclusive, as amended by this act; or (10) fail to
3108 establish, enforce and maintain policies and procedures for
3109 supervising employees, agents and office operations that are
3110 reasonably designed to achieve compliance with applicable check
3111 cashing laws and regulations.

3112 (e) The unique identifier of any person licensed under section 36a-
3113 581, as amended by this act, shall be clearly shown on all solicitations
3114 or advertisements, including business cards or web sites, and any
3115 other documents as established by rule, regulation or order of the
3116 commissioner, and shall be clearly stated in all audio solicitations or
3117 advertisements. The solicitations or advertisements of any person
3118 licensed under section 36a-581, as amended by this act: (1) Shall not
3119 include any statement that such person is endorsed in any way by this
3120 state, except that such solicitations or advertisements may include a
3121 statement that such person is licensed in this state; (2) shall not include
3122 any statement or claim that is deceptive, false or misleading; (3) shall
3123 otherwise conform to the requirements of section 36a-580 to 36a-589,
3124 inclusive, as amended by this act, any regulations issued thereunder
3125 and any other applicable law; and (4) shall be retained for two years
3126 from the date of use of such solicitation or advertisement.

3127 Sec. 48. Section 36a-587 of the general statutes is repealed and the
3128 following is substituted in lieu thereof (*Effective October 1, 2018*):

3129 (a) The commissioner may suspend, revoke or refuse to renew any
3130 license issued pursuant to section 36a-581, as amended by this act, or
3131 take any other action, in accordance with the provisions of section 36a-
3132 51, as amended by this act, for any reason which would be sufficient
3133 grounds for the commissioner to deny an application for a license
3134 under sections 36a-580 to 36a-589, inclusive, as amended by this act, or
3135 if the commissioner finds that the licensee or any [owner, director,
3136 officer, member, partner, shareholder] control person of the licensee,
3137 qualified individual or branch manager with supervisory authority,
3138 trustee, employee or agent of such licensee has done any of the
3139 following: (1) Made any material misstatement in the application; (2)
3140 committed any fraud, engaged in dishonest activities or made any
3141 misrepresentation; (3) violated any [provision of sections 36a-580 to
3142 36a-589, inclusive,] of the provisions of this title or any regulation
3143 [promulgated under said sections] or order adopted or issued
3144 pursuant thereto, and pertaining to such person or any other law or
3145 regulation applicable to the conduct of such licensee's check cashing
3146 business; or (4) demonstrated incompetency or untrustworthiness to
3147 act as a licensed check cashing service.

3148 (b) Whenever it appears to the commissioner that (1) any person has
3149 violated, is violating or is about to violate any of the provisions of
3150 sections 36a-580 to 36a-589, inclusive, as amended by this act, or any
3151 regulation adopted pursuant to said sections, or (2) any person is, was
3152 or would be a cause of the violation of any such provision or
3153 regulation due to an act or omission such person knew or should have
3154 known would contribute to such violation; or (3) any licensee or any
3155 [owner, director, officer, member, partner, shareholder] control person
3156 of the licensee, qualified individual or branch manager with
3157 supervisory authority, trustee, employee or agent of such licensee has
3158 committed any fraud, engaged in dishonest activities or made any
3159 misrepresentation, the commissioner may take action against such
3160 person or licensee in accordance with sections 36a-50 and 36a-52.

3161 (c) The commissioner may order a licensee to remove any individual

3162 conducting business under sections 36a-580 to 36a-589, inclusive, as
3163 amended by this act, from office and from employment or retention as
3164 an independent contractor in the sales finance business in this state in
3165 accordance with section 5 of this act.

3166 (d) The commissioner may issue a temporary order to cease
3167 business under a license if the commissioner determines that such
3168 license was issued erroneously. Such temporary order shall be issued
3169 in accordance with subsection (j) of section 36a-24b.

3170 Sec. 49. Section 36a-596 of the 2018 supplement to the general
3171 statutes is repealed and the following is substituted in lieu thereof
3172 (*Effective October 1, 2018*):

3173 As used in sections 36a-595 to 36a-612, inclusive, as amended by this
3174 act:

3175 (1) "Advertise" or "advertising" has the same meaning as provided
3176 in section 36a-485, as amended by this act.

3177 (2) "Authorized delegate" means a person designated by a person
3178 licensed pursuant to sections 36a-595 to 36a-612, inclusive, as amended
3179 by this act, to provide money transmission services on behalf of such
3180 licensed person.

3181 (3) "Control person" has the same meaning as provided in section
3182 36a-485, as amended by this act.

3183 (4) "Electronic payment instrument" means a card or other tangible
3184 object for the transmission of money or monetary value or payment of
3185 money which contains a microprocessor chip, magnetic stripe, or other
3186 means for the storage of information, that is prefunded and for which
3187 the value is decremented upon each use, but does not include a card or
3188 other tangible object that is redeemable by the issuer in the issuer's
3189 goods or services.

3190 (5) "Holder" means a person, other than a purchaser, who is either in

3191 possession of a payment instrument and is the named payee thereon or
3192 in possession of a payment instrument issued or endorsed to such
3193 person or bearer or in blank. "Holder" does not include any person
3194 who is in possession of a lost, stolen or forged payment instrument.

3195 (6) "Licensee" means any person licensed or required to be licensed
3196 pursuant to sections 36a-595 to 36a-612, inclusive, as amended by this
3197 act.

3198 (7) "Main office" has the same meaning as provided in section 36a-
3199 485, as amended by this act.

3200 [(7)] (8) "Monetary value" means a medium of exchange, whether or
3201 not redeemable in money.

3202 [(8)] (9) "Money transmission" means engaging in the business of
3203 issuing or selling payment instruments or stored value, receiving
3204 money or monetary value for current or future transmission or the
3205 business of transmitting money or monetary value within the United
3206 States or to locations outside the United States by any and all means
3207 including, but not limited to, payment instrument, wire, facsimile or
3208 electronic transfer.

3209 [(9)] (10) "Outstanding" means (A) in the case of a payment
3210 instrument or stored value, that: (i) It is sold or issued in the United
3211 States; (ii) a report of it has been received by a licensee from its
3212 authorized delegates; and (iii) it has not yet been paid by the issuer,
3213 and (B) for all other money transmissions, the value reported to the
3214 licensee for which the licensee or any authorized delegate has received
3215 money or its equivalent value from the customer for transmission, but
3216 has not yet completed the money transmission by delivering the
3217 money or monetary value to the person designated by the customer.

3218 [(10)] (11) "Payment instrument" means a check, draft, money order,
3219 travelers check or electronic payment instrument that evidences either
3220 an obligation for the transmission of money or monetary value or

3221 payment of money, or the purchase or the deposit of funds for the
3222 purchase of such check, draft, money order, travelers check or
3223 electronic payment instrument.

3224 [(11)] (12) "Permissible investment" means: (A) Cash in United
3225 States currency; (B) time deposits, as defined in section 36a-2, or other
3226 debt instruments of a bank; (C) bills of exchange or bankers
3227 acceptances which are eligible for purchase by member banks of the
3228 Federal Reserve System; (D) commercial paper of prime quality; (E)
3229 interest-bearing bills, notes, bonds, debentures or other obligations
3230 issued or guaranteed by: (i) The United States or any of its agencies or
3231 instrumentalities, or (ii) any state, or any agency, instrumentality,
3232 political subdivision, school district or legally constituted authority of
3233 any state if such investment is of prime quality; (F) interest-bearing
3234 bills or notes, or bonds, debentures or preferred stocks, traded on any
3235 national securities exchange or on a national over-the-counter market,
3236 if such debt or equity investments are of prime quality; (G) receivables
3237 due from authorized delegates consisting of the proceeds of the sale of
3238 payment instruments which are not past due or doubtful of collection;
3239 (H) gold; and (I) any other investments approved by the
3240 commissioner. Notwithstanding the provisions of this subdivision, if
3241 the commissioner at any time finds that an investment of a licensee is
3242 unsatisfactory for investment purposes, the investment shall not
3243 qualify as a permissible investment.

3244 [(12)] (13) "Prime quality" of an investment means that it is within
3245 the top four rating categories in any rating service recognized by the
3246 commissioner unless the commissioner determines for any licensee
3247 that only those investments in the top three rating categories qualify as
3248 "prime quality".

3249 [(13)] (14) "Purchaser" means a person who buys or has bought a
3250 payment instrument or who has given money or monetary value for
3251 current or future transmission.

3252 [(14)] (15) "Stored value" means monetary value that is evidenced by
3253 an electronic record. For the purposes of this subdivision, "electronic
3254 record" means information that is stored in an electronic medium and
3255 is retrievable in perceivable form.

3256 [(15)] (16) "Travelers check" means a payment instrument for the
3257 payment of money that contains a provision for a specimen signature
3258 of the purchaser to be completed at the time of a purchase of the
3259 instrument and a provision for a countersignature of the purchaser to
3260 be completed at the time of negotiation.

3261 (17) "Unique identifier" has the same meaning as provided in
3262 section 36a-485, as amended by this act.

3263 [(16)] (18) "Virtual currency" means any type of digital unit that is
3264 used as a medium of exchange or a form of digitally stored value or
3265 that is incorporated into payment system technology. Virtual currency
3266 shall be construed to include digital units of exchange that (A) have a
3267 centralized repository or administrator; (B) are decentralized and have
3268 no centralized repository or administrator; or (C) may be created or
3269 obtained by computing or manufacturing effort. Virtual currency shall
3270 not be construed to include digital units that are used (i) solely within
3271 online gaming platforms with no market or application outside such
3272 gaming platforms, or (ii) exclusively as part of a consumer affinity or
3273 rewards program, and can be applied solely as payment for purchases
3274 with the issuer or other designated merchants, but cannot be converted
3275 into or redeemed for fiat currency.

3276 Sec. 50. Subsection (a) of section 36a-597 of the general statutes is
3277 repealed and the following is substituted in lieu thereof (*Effective*
3278 *October 1, 2018*):

3279 (a) No person shall engage in the business of money transmission in
3280 this state, or advertise or solicit such services, without a required main
3281 office license issued by the commissioner as provided in sections 36a-
3282 595 to 36a-612, inclusive, as amended by this act, except as an

3283 authorized delegate of a person that has been issued a license by the
3284 commissioner and in accordance with section 36a-607, as amended by
3285 this act. No person shall conduct activity subject to licensure under
3286 sections 36a-595 to 36a-612, inclusive, as amended by this act, or
3287 conduct any activity permitted without a license in the capacity of an
3288 authorized delegate in accordance with section 36a-607, as amended
3289 by this act, at any office located outside of the United States. A person
3290 engaged in the business of money transmission is acting in this state
3291 under this section if such person: (1) Has a place of business located in
3292 this state, (2) receives money or monetary value in this state or from a
3293 person located in this state, (3) transmits money or monetary value
3294 from a location in this state or to a person located in this state, (4)
3295 issues stored value or payment instruments that are sold in this state,
3296 or (5) sells stored value or payment instruments in this state. [The
3297 licensee shall promptly notify the commissioner, in writing, of the
3298 termination of the contract between such licensee and authorized
3299 delegate.]

3300 Sec. 51. Section 36a-598 of the 2018 supplement to the general
3301 statutes is repealed and the following is substituted in lieu thereof
3302 (*Effective October 1, 2018*):

3303 (a) Each application for an initial or renewal license required under
3304 sections 36a-595 to 36a-612, inclusive, as amended by this act, shall be
3305 made [in writing and under oath to the commissioner in such form as
3306 the commissioner may prescribe. The application shall include:]

3307 [(1) The exact name of the applicant and, if incorporated, the date of
3308 incorporation and the state where incorporated;

3309 (2) The complete address of the principal office from which the
3310 business is to be conducted and of the office where the books and
3311 records of the applicant are to be maintained;

3312 (3) The complete name and address of each of the applicant's
3313 locations and authorized delegates, if any, through which the applicant

3314 intends to engage in the business of money transmission in this state;

3315 (4) The name, title, address and telephone number of the person to
3316 whom notice of the commissioner's approval or disapproval of the
3317 application shall be sent and to whom any inquiries by the
3318 commissioner concerning the application shall be directed;

3319 (5) The name and residence address of the individual, if the
3320 applicant is an individual; the partners, if the applicant is a
3321 partnership; the directors, trustees, principal officers, and any
3322 shareholder owning ten per cent or more of each class of its securities,
3323 if the applicant is a corporation or association; or the members, if the
3324 applicant is a limited liability company;] and processed on the system
3325 pursuant to section 36a-24b, in the form prescribed by the
3326 commissioner on the system. Each such form shall contain content as
3327 set forth by instruction or procedure of the commissioner and may be
3328 changed or updated as necessary by the commissioner in order to
3329 carry out the purposes of sections 36a-595 to 36a-612, inclusive, as
3330 amended by this act. The applicant shall, at a minimum, furnish to the
3331 system information concerning the identity of the applicant, any
3332 control person of the applicant, the qualified individual and any
3333 branch manager responsible for the actions of the licensee, including,
3334 but not limited to, information related to such person's personal
3335 history and experience and any administrative, civil or criminal
3336 findings by any governmental jurisdiction. As part of an application,
3337 the commissioner may (1) in accordance with section 29-17a, conduct a
3338 state or national criminal history records check of the applicant, any
3339 control person of the applicant, the qualified individual and any
3340 branch manager, and (2) in accordance with section 36a-24b (A)
3341 require the submission of fingerprints of any such person to the
3342 Federal Bureau of Investigation or other state, national or international
3343 criminal databases, and (B) investigate the financial condition of any
3344 such person and require authorization from any such person for the
3345 system and the commissioner to obtain an independent credit report
3346 from a consumer reporting agency, as described in Section 603(p) of

3347 the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to
3348 time. An application for an initial license shall also include:

3349 [(6)] (1) (A) A copy of the applicant's audited financial statements
3350 for the most recent fiscal year. [, (B) if] If the applicant is a wholly-
3351 owned subsidiary of another corporation, [(i)] the applicant shall
3352 include the most recent audited consolidated annual financial
3353 statements of the parent corporation or the applicant's most recent
3354 audited consolidated annual financial statement, and [(ii)] the most
3355 recent audited unconsolidated financial statement of the applicant,
3356 including its balance sheet and receipts and disbursements for the
3357 preceding year. [, (C) if] If the applicant is publicly traded, the
3358 applicant shall include a copy of the most recent 10-K report that such
3359 applicant filed with the Securities Exchange Commission or, if the
3360 applicant is a wholly-owned subsidiary of a publicly traded company,
3361 a copy of the parent company's most recent 10-K report that was filed
3362 with the Securities and Exchange Commission. [, and (D) if] If the
3363 applicant or parent company of a wholly-owned subsidiary applicant
3364 is publicly traded on a foreign exchange, the applicant shall include a
3365 copy of documentation similar to the 10-K report [filed pursuant to
3366 subparagraph (C) of this subdivision] that was filed with the
3367 applicable securities regulator;

3368 [(7)] (2) A list of the applicant's permissible investments, the book
3369 and market values of such investments, and the dollar amount of the
3370 applicant's aggregate outstanding money transmissions (A) as of the
3371 date of the financial statement filed in accordance with subdivision
3372 [(6)] (1) of this subsection; and (B) as of a date no earlier than thirty
3373 business days prior to the filing of the application;

3374 [(8)] (A) The history of criminal convictions of the individual, if the
3375 applicant is an individual; the partners, if the applicant is a
3376 partnership; the directors, trustees, principal officers and any
3377 shareholder owning ten per cent or more of each class of its securities
3378 if the applicant is a corporation or association; or the members, if the

3379 applicant is a limited liability company, and (B) sufficient information
3380 pertaining to the history of criminal convictions, in a form acceptable
3381 to the commissioner, on such individual or the partners, directors,
3382 trustees, principal officers, members and any shareholder owning ten
3383 per cent or more of each class of the applicant's securities;]

3384 [(9)] (3) (A) The surety bond required by subsection (a) of section
3385 36a-602, if applicable;

3386 (B) A list of the investments maintained in accordance with
3387 subsection (d) of section 36a-602, if applicable, and the book and
3388 market values of any such investments (i) as of the date of the financial
3389 statement filed in accordance with subdivision [(6)] (1) of this
3390 subsection; and (ii) as of a date no earlier than thirty business days
3391 prior to the filing of the application;

3392 [(10)] (4) A statement describing the type of money transmission
3393 business that will be conducted by the applicant in this state and
3394 whether such money transmission will include the transmission of
3395 monetary value in the form of virtual currency;

3396 [(11)] (5) The name and address of any financial institution used by
3397 the applicant for its money transmission business in this state;

3398 [(12)] (6) For each authorized delegate, a sample of the contract
3399 evidencing the proposed arrangement between the applicant and the
3400 authorized delegate; and

3401 [(13)] (7) Any other information the commissioner may require.

3402 (b) [The commissioner, in accordance with section 29-17a, may
3403 conduct a state and national criminal history records check of the
3404 individual applicant and of each partner, director, trustee, principal
3405 officer, member and shareholder owning ten per cent or more of each
3406 class of the securities of the applicant.] The commissioner may deem
3407 an application for a license to engage in the business of money

3408 transmission in this state abandoned if the applicant fails to respond to
3409 any request for information required under sections 36a-595 to 36a-612,
3410 inclusive, as amended by this act, or any regulations adopted pursuant
3411 to said sections. The commissioner shall notify the applicant [, in
3412 writing,] on the system that if the applicant fails to submit such
3413 information not later than sixty days after such request, the application
3414 shall be deemed abandoned. An application filing fee paid prior to the
3415 date an application is deemed abandoned pursuant to this subsection
3416 shall not be refunded. Abandonment of an application pursuant to this
3417 subsection shall not preclude the applicant from submitting a new
3418 application for a license under sections 36a-595 to 36a-612, inclusive, as
3419 amended by this act.

3420 (c) [An] Except as otherwise specified in subsections (d) and (e) of
3421 this section, each applicant, [or] licensee, control person and qualified
3422 individual shall [notify the commissioner, in writing, of] file with the
3423 system any change in the information [provided in the application for
3424 license or most recent renewal of such license] most recently submitted
3425 to the system by such licensee, control person or qualified individual
3426 in connection with the application or license, or, if the information
3427 cannot be filed on the system, notify the commissioner, in writing, of
3428 such change in the information not later than fifteen days after the
3429 applicant, [or] licensee, control person or qualified individual has
3430 reason to know of such change.

3431 (d) [A licensee shall not change the name specified on its license
3432 unless, prior to such change in name, the licensee files an application
3433 with the commissioner accompanied by the name change fee specified
3434 in subsection (a) of section 36a-599 and receives the approval of the
3435 commissioner.] (1) A money transmission license shall not be
3436 transferable or assignable. Any change in any control person shall be
3437 the subject of an advance change notice filed on the system not later
3438 than sixty days prior to the effective date of such change and any
3439 change shall not occur without the commissioner's approval.

3440 (2) No licensee may use any name other than its legal name or a
3441 fictitious name approved by the commissioner, provided such licensee
3442 may not use its legal name if the commissioner disapproves use of
3443 such name. No licensee shall use any name or address other than
3444 specified on the license issued by the commissioner. A licensee may
3445 change the name of the licensee or the address of the office specified
3446 on the most recent filing with the system if, at least thirty calendar
3447 days prior to such change, the licensee files such change with the
3448 system and provides a bond rider, endorsement or addendum, as
3449 applicable, to the surety bond on file with the commissioner that
3450 reflects the new name or address, and the commissioner does not
3451 disapprove such change, in writing, or request further information
3452 within such thirty-day period.

3453 (3) The commissioner may automatically suspend any license for a
3454 violation of this subsection. After the license has been automatically
3455 suspended pursuant to this subsection, the commissioner shall (A)
3456 provide the licensee notice of such automatic suspension pending
3457 proceedings for revocation of or refusal to renew the license pursuant
3458 to section 36a-608, as amended by this act, (B) provide the licensee an
3459 opportunity for a hearing in accordance with section 36a-51, as
3460 amended by this act, and (C) require the licensee to take or refrain
3461 from taking action that, in the opinion of the commissioner, is
3462 necessary to effectuate the purpose of this section.

3463 (e) A licensee shall file with the system or, if the information cannot
3464 be filed on the system, provide a written notice to the commissioner
3465 not later than one business day after the licensee has reason to know of
3466 the occurrence of any of the following events:

3467 (1) The filing of a petition by or against the licensee under the
3468 United States Bankruptcy Code for bankruptcy or reorganization or
3469 the filing of a petition under the United States Bankruptcy Code for
3470 bankruptcy or reorganization by any control person, qualified
3471 individual or authorized delegate of the licensee;

3472 (2) The filing of a petition by or against the licensee for receivership,
3473 the commencement of any other judicial or administrative proceeding
3474 for its dissolution or reorganization, or the making of a general
3475 assignment for the benefit of its creditors;

3476 (3) The commencement of a proceeding to revoke or suspend its
3477 license to engage in money transmission in another state or a foreign
3478 country, or other formal or informal regulatory action by any
3479 governmental agency against the licensee or any control person,
3480 qualified individual or authorized delegate of the licensee and the
3481 reasons therefor;

3482 (4) The commencement of any action by the Attorney General or the
3483 attorney general of any other state against the licensee or any control
3484 person, qualified individual or authorized delegate of the licensee and
3485 the reasons therefor;

3486 (5) The cancellation or other impairment of the licensee's bond or
3487 other security, including notice of claims filed against the licensee's
3488 bond or other security;

3489 (6) A conviction or indictment of the licensee or of [a partner,
3490 director, trustee, principal officer, member or shareholder owning ten
3491 per cent or more of each class of the licensee's securities] any control
3492 person or qualified individual of the licensee for a misdemeanor
3493 involving the money transmission business or a felony; or

3494 (7) A conviction or indictment of an authorized delegate for a
3495 misdemeanor involving the money transmission business or a felony.

3496 Sec. 52. Section 36a-599 of the general statutes is repealed and the
3497 following is substituted in lieu thereof (*Effective October 1, 2018*):

3498 (a) [Each application for an initial license shall be accompanied by a
3499 nonrefundable investigation fee of six hundred twenty-five dollars and
3500 a nonrefundable license fee of two thousand two hundred fifty dollars,

3501 except that if such application is filed not earlier than one year before
3502 the date such license will expire, the applicant shall pay a
3503 nonrefundable investigation fee of six hundred twenty-five dollars and
3504 a nonrefundable license fee of one thousand two hundred fifty dollars.
3505 Each application for a renewal license shall be accompanied by a
3506 nonrefundable license fee of two thousand two hundred fifty dollars.
3507 Each licensee shall pay to the commissioner a nonrefundable name
3508 change fee of two hundred dollars for each application to change a
3509 name. No licensee shall use any name other than the name specified on
3510 the license issued by the commissioner.] Each applicant for a money
3511 transmission license shall pay to the system any required fees or
3512 charges and a license fee of one thousand eight hundred seventy-five
3513 dollars. Each such license shall expire at the close of business on
3514 December thirty-first of the year in which the license was approved,
3515 unless such license is renewed, and provided any such license
3516 approved on or after November first shall expire at the close of
3517 business on December thirty-first of the year following the year in
3518 which it is approved. An application for renewal of a license shall be
3519 filed between November first and December thirty-first of the year in
3520 which the license expires. Each applicant for renewal of a money
3521 transmission license shall pay to the system any required fees or
3522 charges and a renewal fee of one thousand one hundred twenty-five
3523 dollars.

3524 (b) [A license issued pursuant to sections 36a-595 to 36a-612,
3525 inclusive, shall expire at the close of business on September thirtieth of
3526 the odd-numbered year following its issuance, unless renewed or
3527 earlier surrendered, suspended or revoked pursuant to said sections.]
3528 Not later than fifteen days after a licensee ceases to engage in the
3529 business of money transmission in this state for any reason, including
3530 a business decision to terminate operations in this state, license
3531 revocation, bankruptcy or voluntary dissolution, such licensee shall
3532 [provide written notice of surrender and] request surrender [to the
3533 commissioner its] of the license in accordance with subsection (c) of

3534 section 36a-51, as amended by this act, for each location [in which]
3535 where such licensee has ceased to engage in such business. The
3536 [written notice of surrender] licensee shall also identify in writing to
3537 the commissioner the location where the records of the licensee will be
3538 stored and the name, address and telephone number of an individual
3539 authorized to provide access to the records. The surrender of a license
3540 does not reduce or eliminate the licensee's civil or criminal liability
3541 arising from acts or omissions occurring prior to the surrender of the
3542 license, including any administrative actions undertaken by the
3543 commissioner to revoke or suspend a license, assess a civil penalty,
3544 order restitution or exercise any other authority provided to the
3545 commissioner.

3546 (c) Each license shall remain in force and effect until the license has
3547 been surrendered, revoked or suspended or has expired in accordance
3548 with the provisions of sections 36a-595 to 36a-612, inclusive, as
3549 amended by this act. No abatement of the license fee shall be made if
3550 the applicant is denied or withdrawn prior to issuance of the license or
3551 if the license is surrendered, revoked or suspended prior to the
3552 expiration of the period for which it was issued. All fees required by
3553 this section shall be nonrefundable.

3554 Sec. 53. Section 36a-600 of the general statutes is repealed and the
3555 following is substituted in lieu thereof (*Effective October 1, 2018*):

3556 (a) Upon the filing of an application for an initial license, and the
3557 payment of [the fees for investigation and license] required fees, the
3558 commissioner shall investigate the financial condition and
3559 responsibility, financial and business experience, character and general
3560 fitness of the applicant, and the applicant's control persons and
3561 qualified individual. The commissioner may issue a license if the
3562 commissioner finds that:

3563 (1) The applicant's financial condition is sound;

3564 (2) The applicant's business will be conducted honestly, fairly,

3565 equitably, carefully and efficiently within the purposes and intent of
3566 sections 36a-595 to 36a-612, inclusive, as amended by this act, and in a
3567 manner commanding the confidence and trust of the community;

3568 (3) [(A) If the applicant is an individual, such individual is in all
3569 respects properly qualified and of good character, (B) if the applicant is
3570 a partnership, each partner is in all respects properly qualified and of
3571 good character, (C) if the applicant is a corporation or association, each
3572 president, chairperson of the executive committee, senior officer
3573 responsible for the corporation's business, chief financial officer or any
3574 other person who performs similar functions as determined by the
3575 commissioner, director, trustee and each shareholder owning ten per
3576 cent or more of each class of the securities of such corporation is in all
3577 respects properly qualified and of good character, or (D) if the
3578 applicant is a limited liability company, each member is in all respects
3579 properly qualified and of good character] The applicant's control
3580 persons and qualified individual are in all respects properly qualified
3581 and of good character by, including, but not limited to, demonstrating
3582 financial responsibility;

3583 (4) The applicant is in compliance with the provisions of sections
3584 36a-602 to 36a-604, inclusive, as amended by this act;

3585 (5) No person on behalf of the applicant knowingly has made any
3586 incorrect statement of a material fact in the application, or in any
3587 report or statement made pursuant to sections 36a-595 to 36a-612,
3588 inclusive, as amended by this act;

3589 (6) No person on behalf of the applicant knowingly has omitted to
3590 state any material fact necessary to give the commissioner any
3591 information lawfully required by the commissioner; and

3592 (7) The applicant has paid the investigation fee and license fee
3593 required under section 36a-599, as amended by this act.

3594 (b) The commissioner may deny an application if the commissioner

3595 finds that the applicant or [any of its partners, directors, trustees,
3596 principal officers or shareholders owning ten per cent or more of the
3597 shares of the applicant or members] the applicant's control persons or
3598 qualified individual (1) [are] is listed on the specially designated
3599 nationals and blocked persons list prepared by the United States
3600 Department of the Treasury, or (2) [have] has been convicted of any
3601 misdemeanor involving any aspect of the money transmission
3602 business or any felony. Any denial of an application by the
3603 commissioner shall, when applicable, be subject to the provisions of
3604 section 46a-80.

3605 (c) Notwithstanding the provisions of this section, the commissioner
3606 may deny any application of a person who will or may engage in the
3607 business of transmitting monetary value in the form of virtual
3608 currency if, in the commissioner's discretion, the issuance of such a
3609 license would represent undue risk of financial loss to consumers,
3610 considering the applicant's proposed business model.

3611 (d) The commissioner may, in the commissioner's discretion, place
3612 additional requirements, restrictions or conditions upon the license of
3613 any applicant who will or may engage in the business of transmitting
3614 monetary value in the form of virtual currency, including the amount
3615 of surety bond required by section 36a-602, as amended by this act.

3616 Sec. 54. Section 36a-601 of the general statutes is repealed and the
3617 following is substituted in lieu thereof (*Effective October 1, 2018*):

3618 (a) [A license may be renewed for the ensuing twenty-four-month
3619 period upon the filing of an application containing all information
3620 required by section 36a-598. Such renewal application shall be filed on
3621 or before September first of the year in which the license expires. Any
3622 renewal application filed with the commissioner after September first
3623 shall be accompanied by a one-hundred-dollar late fee and any such
3624 filing shall be deemed to be timely and sufficient for purposes of
3625 subsection (b) of section 4-182. If an application for a renewal license

3626 has been filed with the commissioner on or before the date the license
3627 expires, the license sought to be renewed shall continue in full force
3628 and effect until the issuance by the commissioner of the renewal
3629 license applied for or until the commissioner has notified the licensee
3630 in writing of the commissioner's refusal to issue such renewal license
3631 together with the grounds upon which such refusal is based. The
3632 commissioner may refuse to issue a renewal license on any ground on
3633 which the commissioner might refuse to issue an initial license.] The
3634 minimum standards for renewal of a license shall include the
3635 following: (1) The applicant continues to meet the minimum standards
3636 under section 36a-600, as amended by this act; (2) the applicant has
3637 paid all required fees for renewal of the license; and (3) the applicant
3638 has paid any outstanding examination fees or other moneys due to the
3639 commissioner. The license of a money transmitter failing to satisfy the
3640 minimum standards for license renewal shall expire. The
3641 commissioner may adopt procedures for the reinstatement of expired
3642 licenses consistent with the standards established by the system.

3643 (b) [If the commissioner determines that a check filed with the
3644 commissioner to pay an investigation or license fee has been
3645 dishonored or if made by ACH, has been returned, the commissioner
3646 shall automatically suspend a renewal license that has been issued but
3647 is not yet effective. The commissioner shall give the licensee notice of
3648 the automatic suspension pending proceedings for refusal to renew
3649 such license and an opportunity for a hearing on such actions in
3650 accordance with section 36a-51.] In accordance with section 36a-24b,
3651 the commissioner may automatically suspend any license if such
3652 person receives a deficiency on the system indicating that a required
3653 payment was Returned-ACH or returned pursuant to any other term
3654 as may be utilized by the system to indicate that payment was not
3655 accepted. After the license has been automatically suspended pursuant
3656 to this subsection, the commissioner shall (1) give the licensee notice of
3657 the automatic suspension pending proceedings for revocation or
3658 refusal to renew pursuant to section 36a-608, as amended by this act,

3659 and an opportunity for a hearing on such action in accordance with
3660 section 36a-51, as amended by this act, and (2) require the licensee to
3661 take or refrain from taking such action that, in the opinion of the
3662 commissioner, will effectuate the purposes of this section.

3663 Sec. 55. Subsection (c) of section 36a-602 of the general statutes is
3664 repealed and the following is substituted in lieu thereof (*Effective*
3665 *October 1, 2018*):

3666 (c) The surety company may cancel the bond at any time by a
3667 written notice to the licensee and the commissioner, stating the date
3668 cancellation shall take effect. [Such] If the bond is issued electronically
3669 on the system, written notice of cancellation may be provided by the
3670 surety company to the licensee and the commissioner through the
3671 system at least thirty days prior to the date of cancellation. Any notice
3672 of cancellation not provided through the system shall be sent by
3673 certified mail to the licensee and the commissioner at least thirty days
3674 prior to the date of cancellation. A surety bond shall not be cancelled
3675 unless the surety company notifies the commissioner in writing not
3676 less than thirty days prior to the effective date of cancellation. After
3677 receipt of such notification from the surety company, the
3678 commissioner shall give written notice to the licensee of the date such
3679 bond cancellation shall take effect. The commissioner shall
3680 automatically suspend the license on such date, unless the licensee,
3681 prior to such date, submits (1) a letter of reinstatement of the bond
3682 from the surety company, (2) a new bond, (3) evidence that all of the
3683 principal sum of such surety bond has been invested as provided in
3684 subsection (d) of this section, (4) a new bond that replaces the surety
3685 bond in part and evidence that the remaining part of the principal sum
3686 of such surety bond has been invested as provided in subsection (d) of
3687 this section, or (5) evidence that the licensee has ceased business and
3688 has surrendered the license. After a license has been automatically
3689 suspended, the commissioner shall give the licensee notice of the
3690 automatic suspension pending proceedings for revocation or refusal to
3691 renew such license and an opportunity for a hearing on such actions in

3692 accordance with section 36a-51, as amended by this act, and require
3693 the licensee to take or refrain from taking such action as in the opinion
3694 of the commissioner will effectuate the purposes of this section.

3695 Sec. 56. Section 36a-605 of the general statutes is repealed and the
3696 following is substituted in lieu thereof (*Effective October 1, 2018*):

3697 In connection with the examination of a licensee under section 36a-
3698 17, as amended by this act, the commissioner may also examine the
3699 authorized delegates of such licensee. [The commissioner, in lieu of
3700 conducting an examination, may accept the report of examination of
3701 any other state or federal supervisory agency or any organization
3702 affiliated with or representing such supervisory agency with respect to
3703 the examination or other supervision of any person subject to the
3704 provisions of sections 36a-595 to 36a-612, inclusive, or a report
3705 prepared by an independent accounting firm, and reports so accepted
3706 are considered for purposes of sections 36a-595 to 36a-612, inclusive, as
3707 an official examination report of the commissioner.]

3708 Sec. 57. Section 36a-606 of the general statutes is repealed and the
3709 following is substituted in lieu thereof (*Effective October 1, 2018*):

3710 (a) [On or before the thirtieth day of April each year, each licensee
3711 shall file with the commissioner:

3712 (1) (A)] Any person making any filing or submission of any
3713 information on the system shall do so in accordance with the
3714 procedures and requirements of the system and pay the applicable fees
3715 or charges to the system. Licensees shall complete any reports of
3716 condition and any reports relating to authorized delegates required by
3717 the system. Any such reports shall be timely and accurately filed on
3718 the system in accordance with the due dates and formats required by
3719 the system.

3720 (b) Each licensee shall file with the commissioner not later than
3721 ninety days from the licensee's fiscal year end:

3722 (1) A copy of audited financial statements for the most recent fiscal
3723 year. [(B) if] If the licensee is a wholly-owned subsidiary of another
3724 corporation, it shall file (i) the most recent audited consolidated annual
3725 financial statements of the parent corporation or the licensee's most
3726 recent audited consolidated annual financial statement, and (ii) the
3727 most recent audited unconsolidated financial statement of the licensee,
3728 including its balance sheet and receipts and disbursements for the
3729 preceding year. [(C) if] If the licensee is publicly traded, it shall file a
3730 copy of the most recent 10-K report that was filed with the Securities
3731 and Exchange Commission or, if the licensee is a wholly-owned
3732 subsidiary of a publicly-traded company, a copy of the parent
3733 company's most recent 10-K report that was filed with said
3734 commission. [and (D) if a] If the licensee or parent company of a
3735 wholly-owned subsidiary licensee is publicly traded on a foreign
3736 exchange, it shall file a copy of documentation similar to the 10-K
3737 report filed [pursuant to subparagraph (C) of this subdivision] that
3738 was filed with the applicable securities regulator;

3739 (2) [A] To the extent it is not already captured by a report of
3740 condition, a list of permissible investments, the book and market value
3741 of such investments, and the dollar amount of the licensee's aggregate
3742 outstanding money transmissions; and

3743 (3) [A] To the extent it is not already captured by a report of
3744 condition, a list of investments maintained in accordance with
3745 subsection (d) of section 36a-602, if applicable, the book and market
3746 values of such investments and the dollar amount of the licensee's
3747 aggregate outstanding money transmissions in this state.

3748 [(b)] (c) The lists and other information filed as provided in
3749 subdivisions (2) and (3) of subsection [(a)] (b) of this section shall be as
3750 of the same date as the financial statement filed in accordance with
3751 subdivision (1) of subsection [(a)] (b) of this section.

3752 [(c)] (d) The commissioner may require of any licensee such

3753 additional reports, under oath, certified, or otherwise, concerning such
3754 licensee's business in this state as the commissioner may consider
3755 necessary for the enforcement of sections 36a-595 to 36a-612, inclusive,
3756 as amended by this act. Any licensee that fails to timely and accurately
3757 furnish any report required by this section shall be in violation of this
3758 section.

3759 Sec. 58. Subsection (a) of section 36a-607 of the 2018 supplement to
3760 the general statutes is repealed and the following is substituted in lieu
3761 thereof (*Effective October 1, 2018*):

3762 (a) A licensee may conduct its business at one or more locations
3763 within this state as follows:

3764 (1) The business may be conducted by the licensee or through or by
3765 means of such authorized delegates as the licensee may periodically
3766 designate or appoint on the system in such form and manner as
3767 required by the commissioner. The licensee shall pay any associated
3768 processing fees imposed by the system. The licensee shall notify the
3769 commissioner on the system of all authorized delegates that act on its
3770 behalf. An authorized delegate may not engage in the business of
3771 money transmission in this state on behalf of a licensee through or by
3772 means of any person who is not identified on the system as an
3773 authorized delegate of the licensee.

3774 (2) No license under sections 36a-595 to 36a-612, inclusive, as
3775 amended by this act, shall be required of any authorized delegate.

3776 (3) Each authorized delegate shall, from the moment of receipt, hold
3777 the proceeds of a sale or delivery of a licensee's money transmissions
3778 in this state in trust for the benefit of such licensee.

3779 (4) A licensee shall be liable for the loss caused to any purchaser or
3780 holder of the licensee's payment instruments or stored value sold in
3781 this state by the failure of an authorized delegate to forward to the
3782 licensee the amount due from the proceeds of a sale or delivery of the

3783 licensee's payment instruments or stored value, or money or monetary
3784 value received for transmission.

3785 (5) The licensee shall enter into a contract with each of its authorized
3786 delegates that requires the authorized delegate to operate in full
3787 compliance with sections 36a-595 to 36a-612, inclusive, as amended by
3788 this act, and provides that appointment of the authorized delegate is
3789 not effective during any period when the license of the licensee has
3790 been suspended. The licensee shall provide each authorized delegate
3791 with policies and procedures sufficient to ensure compliance with
3792 sections 36a-595 to 36a-612, inclusive, as amended by this act.

3793 (6) An authorized delegate shall remit all money owing to the
3794 licensee in accordance with the terms of the contract between the
3795 licensee and the authorized delegate.

3796 (7) An authorized delegate shall not provide money transmission
3797 services in this state outside the scope of activity permissible under the
3798 contract between the authorized delegate and the licensee.

3799 Sec. 59. Section 36a-608 of the general statutes is repealed and the
3800 following is substituted in lieu thereof (*Effective October 1, 2018*):

3801 (a) The commissioner shall make such investigations as the
3802 commissioner considers necessary to determine whether any licensee
3803 or any other person has violated, is violating or is about to violate any
3804 of the provisions of sections 36a-595 to 36a-612, inclusive, as amended
3805 by this act, or whether any licensee has acted in such manner as
3806 otherwise would justify the suspension or revocation of the license or a
3807 refusal to renew the license. The provisions of section 36a-17, as
3808 amended by this act, shall apply to such investigation. For purposes of
3809 this section, "unsafe or unsound practice" means a practice or conduct
3810 by a licensee or an authorized delegate that is likely to result in a
3811 material loss, insolvency or dissipation of the licensee's assets or
3812 otherwise materially prejudice the interests of purchasers.

3813 (b) The commissioner may suspend, [or] revoke or refuse to renew a
3814 license or take any other action, in accordance with section 36a-51, as
3815 amended by this act, (1) on any ground on which the commissioner
3816 might [refuse to issue] deny an initial license, (2) for any violation [of
3817 sections 36a-595 to 36a-612, inclusive,] by the licensee or by the
3818 licensee's control persons, qualified individual, trustee, employee or
3819 agent, including, but not limited to, the licensee's authorized delegates
3820 of the provision of this title or of any regulation or order adopted
3821 [under said sections, for noncompliance with an order that the
3822 commissioner may issue under said sections to a licensee,] or issued
3823 pursuant thereto, and pertaining to any such person or any other law
3824 or regulation applicable to the conduct of such licensee's money
3825 transmission business, (3) for failure of the licensee to pay a judgment
3826 ordered by any court within or outside this state within thirty days
3827 after the judgment becomes final or within thirty days after expiration
3828 or termination of a stay of execution of the judgment, (4) for engaging
3829 in fraud, intentional misrepresentation or gross negligence, or (5) for
3830 engaging in an unsafe or unsound practice.

3831 (c) Whenever it appears to the commissioner that (1) any person has
3832 violated, is violating or is about to violate any provision of sections
3833 36a-595 to 36a-612, inclusive, as amended by this act, or any regulation
3834 adopted under said sections, (2) any person is, was or would be a
3835 cause of the violation of any such provision or regulation due to an act
3836 or omission such person knew or should have known would
3837 contribute to such violation, or (3) any licensee has failed to pay a
3838 judgment ordered by any court within or outside of this state thirty
3839 days after the date on which the judgment becomes final or thirty days
3840 after the date of the expiration or termination of a stay of execution of
3841 the judgment, or engaged in fraud, intentional misrepresentation or
3842 gross negligence, or engaged in an unsafe or unsound practice, the
3843 commissioner may take action against such person in accordance with
3844 sections 36a-50 and 36a-52.

3845 (d) The commissioner may order a licensee to terminate its

3846 relationship with any authorized delegate if the commissioner finds
3847 that: (1) The authorized delegate violated any provision of sections
3848 36a-595 to 36a-612, inclusive, as amended by this act, or any regulation
3849 adopted under said sections or any other law or regulation applicable
3850 to the conduct of its business; (2) the authorized delegate failed to
3851 cooperate with an examination or investigation by the commissioner;
3852 (3) the authorized delegate engaged in fraud, intentional
3853 misrepresentation, or gross negligence or misappropriated funds; (4)
3854 the authorized delegate has been convicted of a violation of a state or
3855 federal anti-money laundering statute; (5) the competence, experience,
3856 character or general fitness of the authorized delegate or [a manager,
3857 partner, director, trustee, principal officer, member or shareholder
3858 owning ten per cent or more of each class of the authorized delegate's
3859 securities] any control persons of the authorized delegate
3860 demonstrates that it would not be in the public interest to permit such
3861 authorized delegate to engage in the business of money transmission
3862 in this state on behalf of a licensee; (6) the authorized delegate is
3863 engaging in an unsafe or unsound practice; or (7) the authorized
3864 delegate is convicted of any act involving fraud or dishonesty.

3865 (e) The commissioner may order a licensee to remove any
3866 individual conducting business under sections 36a-595 to 36a-612,
3867 inclusive, as amended by this act, from office and from employment or
3868 retention as an independent contractor in the money transmission
3869 business in this state in accordance with section 5 of this act.

3870 (f) The commissioner may issue a temporary order to cease business
3871 under a license if the commissioner determines that such license was
3872 issued erroneously. Such temporary order shall be issued in
3873 accordance with subsection (j) of section 36a-24b.

3874 Sec. 60. Section 36a-611 of the general statutes is repealed and the
3875 following is substituted in lieu thereof (*Effective October 1, 2018*):

3876 (a) Each licensee [, as defined in section 36a-596,] shall maintain and

3877 prepare such records as will enable the [Banking Commissioner]
3878 commissioner to determine whether the licensee and any of its
3879 authorized delegates are complying with the provisions of sections
3880 36a-595 to [36a-609] 36a-612, inclusive, [this section, and section 36a-
3881 612] as amended by this act, at the office named in the license, or, if
3882 requested by the commissioner, shall make such records available at
3883 such office or send such records to the commissioner by registered or
3884 certified mail, return receipt requested, or by any express delivery
3885 carrier that provides a dated delivery receipt, not later than five
3886 business days after such request by the commissioner. Upon request,
3887 the commissioner may grant a licensee additional time to make such
3888 records available or send such records to the commissioner.

3889 (b) Each licensee shall maintain the following records for at least
3890 five years:

3891 (1) A record of each payment instrument or stored-value obligation
3892 sold within this state;

3893 (2) A general ledger posted at least monthly containing all asset,
3894 liability, capital, income and expense accounts;

3895 (3) Bank statements and bank reconciliation records;

3896 (4) Records of outstanding money transmissions in this state;

3897 (5) Records of each payment instrument and stored value obligation
3898 paid during the previous five years;

3899 (6) A list of the last known names and addresses of all of the
3900 licensee's authorized delegates; and

3901 (7) Any other records the commissioner may require.

3902 (c) The unique identifier of any person licensed under section 36a-
3903 600, as amended by this act, shall be clearly shown on all solicitations
3904 or advertisements, including business cards or web sites, and any

3905 other documents as established by rule, regulation or order of the
3906 commissioner, and shall be clearly stated in all audio solicitations or
3907 advertisements. The solicitations or advertisements of any person
3908 licensed under section 36a-600, as amended by this act, (1) shall not
3909 include any statement that such person is endorsed in any way by this
3910 state, except that such solicitations or advertisements may include a
3911 statement that such person is licensed in this state; (2) shall not include
3912 any statement or claim that is deceptive, false or misleading; (3) shall
3913 otherwise conform to the requirements of sections 36a-595 to 36a-612,
3914 inclusive, as amended by this act, any regulations issued thereunder
3915 and any other applicable law; and (4) shall be retained for two years
3916 from the date of use of such solicitation or advertising.

3917 Sec. 61. Section 36a-612 of the general statutes is repealed and the
3918 following is substituted in lieu thereof (*Effective October 1, 2018*):

3919 A licensee [, as defined in section 36a-596,] shall notify the [Banking
3920 Commissioner in writing] commissioner on the system not later than
3921 fifteen days after any change in the list of the licensee's authorized
3922 delegates or locations where the licensee or the licensee's authorized
3923 delegates engage in the business of money transmission in this state.
3924 Such notice shall state the name and address of each location and
3925 authorized delegate removed or added to the licensee's list.

3926 Sec. 62. Section 36a-655 of the 2018 supplement to the general
3927 statutes is repealed and the following is substituted in lieu thereof
3928 (*Effective October 1, 2018*):

3929 As used in sections 36a-655 to 36a-665, inclusive:

3930 (1) "Advertise" or "advertising" has the same meaning as provided
3931 in section 36a-485, as amended by this act.

3932 (2) "Bona fide nonprofit organization" means any organization that
3933 is exempt from taxation under Section 501(c)(3) of the Internal Revenue
3934 Code of 1986, or any subsequent corresponding internal revenue code

3935 of the United States, as amended from time to time.

3936 (3) "Branch office" means a location other than the main office at
3937 which a licensee or any other person on behalf of a licensee engages in
3938 the business of debt adjustment.

3939 ~~[(3)]~~ (4) "Control person" has the same meaning as provided in
3940 section 36a-485, as amended by this act.

3941 ~~[(4)]~~ (5) "Debt adjustment" means, for or with the expectation of a
3942 fee, commission or other valuable consideration, receiving, as agent of
3943 a debtor, money or evidences thereof for the purpose of distributing
3944 such money or evidences thereof among creditors in full or partial
3945 payment of obligations of the debtor.

3946 ~~[(5)]~~ (6) "Debtor" means any individual who has incurred
3947 indebtedness or owes a debt for personal, family or household
3948 purposes.

3949 (7) "Main office" has the same meaning as provided in section 36a-
3950 485, as amended by this act.

3951 (8) "Unique identifier" has the same meaning as provided in section
3952 36a-485, as amended by this act.

3953 Sec. 63. Section 36a-656 of the general statutes is repealed and the
3954 following is substituted in lieu thereof (*Effective October 1, 2018*):

3955 (a) No person shall engage in the business of debt adjustment in this
3956 state [without a debt adjuster license. Any person desiring to obtain
3957 such a license shall file with the commissioner an application under
3958 oath, setting forth such information as the commissioner may require.
3959 Each applicant for a license and each licensee shall notify the
3960 commissioner of any change in the applicant's business from that
3961 stated in the application for the license] unless such person has first
3962 obtained a required license for the main office and for each branch
3963 office where such business is conducted in accordance with the

3964 provisions of sections 36a-655 to 36a-665, inclusive, as amended by this
3965 act. No person shall conduct any activity that is subject to licensure
3966 pursuant to sections 36a-655 to 36a-665, inclusive, as amended by this
3967 act, at any office located outside of the United States.

3968 (b) An application for a debt adjuster license or renewal of such
3969 license shall be [in writing on a form provided by the commissioner
3970 and shall include (1) the history of criminal convictions of the
3971 applicant; the partners, if the applicant is a partnership; the members,
3972 if the applicant is a limited liability company or association; or the
3973 officers, directors and principal employees if the applicant is a
3974 corporation, and (2) sufficient information pertaining to the history of
3975 criminal convictions, in a form acceptable to the commissioner, on such
3976 applicant, partners, members, officers, directors and principal
3977 employees as the commissioner deems necessary to make the findings
3978 under subsection (c) of this section. The commissioner, in accordance
3979 with section 29-17a, may conduct a state and national criminal history
3980 records check of the applicant and of each partner, member, officer,
3981 director and principal employee of the applicant.] processed on the
3982 system pursuant to section 36a-24b, in the form prescribed by the
3983 commissioner on the system. Each such form shall contain content as
3984 set forth by instruction or procedure of the commissioner and may be
3985 changed or updated as necessary by the commissioner in order to
3986 carry out the purposes of sections 36a-655 to 36a-665, inclusive, as
3987 amended by this act. The applicant shall, at a minimum, furnish to the
3988 system information concerning the identity of the applicant, any
3989 control person of the applicant, the qualified individual and any
3990 branch manager responsible for the actions of the licensee, including,
3991 but not limited to, information related to such person's personal
3992 history and experience and any administrative, civil or criminal
3993 findings by any governmental jurisdiction. As part of an application,
3994 the commissioner may (1) in accordance with section 29-17a, conduct a
3995 state or national criminal history records check of the applicant, any
3996 control person of the applicant, the qualified individual and any

3997 branch manager, and (2) in accordance with section 36a-24b (A)
3998 require the submission of fingerprints of the applicant, any control
3999 person of the applicant, the qualified individual and any branch
4000 manager to the Federal Bureau of Investigation or other state, national
4001 or international criminal databases, and (B) investigate the financial
4002 condition of any such person and require authorization from any such
4003 person for the system and the commissioner to obtain an independent
4004 credit report from a consumer reporting agency, as described in
4005 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as
4006 amended from time to time.

4007 (c) (1) If the commissioner finds, upon the filing of an application for
4008 a debt adjuster license, that: [(1)] (A) The financial responsibility,
4009 character, reputation, integrity and general fitness of the applicant
4010 [and of the partners thereof if the applicant is a partnership, of the
4011 members if the applicant is a limited liability company or association,
4012 and of the officers, directors and principal employees if the applicant is
4013 a corporation,] and any control person, qualified individual and
4014 branch manager of the applicant are such as to warrant belief that the
4015 business will be operated soundly and efficiently, in the public interest
4016 and consistent with the purposes of sections 36a-655 to 36a-665,
4017 inclusive, [and (2)] as amended by this act, (B) the applicant is solvent
4018 and no proceeding in bankruptcy, receivership or assignment for the
4019 benefit of creditors has been commenced against the applicant, (C) the
4020 applicant has the bond required pursuant to section 36a-664, as
4021 amended by this act, the commissioner may thereupon issue the
4022 applicant a debt adjuster license. If the commissioner fails to make
4023 such findings, the commissioner shall not issue a license and shall
4024 notify the applicant of the reasons for such denial. The commissioner
4025 may deny an application if the commissioner finds that the applicant
4026 or any [partner, member, officer, director or principal employee of the
4027 applicant] control person, qualified individual or branch manager of
4028 the applicant has been convicted of any misdemeanor involving any
4029 aspect of the debt adjuster business, or any felony or has made a

4030 material misstatement in the application. Any denial of an application
4031 by the commissioner shall, when applicable, be subject to the
4032 provisions of section 46a-80. [Withdrawal of an application for a
4033 license shall become effective upon receipt by the commissioner of a
4034 notice of intent to withdraw such application. The commissioner may
4035 deny a license up to the date one year after the effective date of
4036 withdrawal.]

4037 (2) The minimum standards for renewal of a debt adjuster license
4038 shall include the following: (A) The applicant continues to meet the
4039 minimum standards under subdivision (1) of this subsection; (B) the
4040 applicant has paid all required fees for renewal of the license; and (C)
4041 the applicant has paid any outstanding examination fees or other
4042 moneys due to the commissioner. The license of a debt adjuster that
4043 fails to satisfy the minimum standards for license renewal shall expire.
4044 The commissioner may adopt procedures for the reinstatement of
4045 expired licenses consistent with the standards established by the
4046 system.

4047 (d) Each applicant for [an original] a debt adjuster license [that is a
4048 bona fide nonprofit organization shall, at the time of making such
4049 application, pay to the commissioner an application fee of two
4050 hundred fifty dollars. Each applicant for an original or a renewal of a
4051 debt adjuster license that is not a bona fide nonprofit organization
4052 shall, at the time of making such application, pay to the commissioner
4053 an application fee of one thousand six hundred dollars or, in the case
4054 of an application that is filed not earlier than the date one year before
4055 the date of expiration of such license, a license fee of eight hundred
4056 dollars. Each such license shall expire at the close of business on
4057 September thirtieth of the odd-numbered year following its issuance
4058 unless such license is renewed. Each licensee shall, on or before
4059 September first of the year in which the license expires, file such
4060 renewal application as the commissioner may require] shall pay to the
4061 system any required fees or charges and a license fee in the amount of
4062 (1) two hundred fifty dollars if such applicant is a bona fide nonprofit

4063 organization, and (2) eight hundred dollars if such applicant is not a
4064 bona fide nonprofit organization. Each such license shall expire at the
4065 close of business on December thirty-first of the year in which the
4066 license was approved, unless such license is renewed, and provided
4067 any such license approved on or after November first shall expire at
4068 the close of business on December thirty-first of the year following the
4069 year in which it is approved. An application for renewal of a license
4070 shall be filed between November first and December thirty-first of the
4071 year in which the license expires. Each applicant for renewal of a debt
4072 adjuster license shall pay to the system any required fees or charges
4073 and, if not a bona fide nonprofit organization, a license fee of eight
4074 hundred dollars.

4075 (e) [If the commissioner determines that a check filed with the
4076 commissioner to pay an application fee has been dishonored, the
4077 commissioner shall automatically suspend the license or a renewal
4078 license that has been issued but is not yet effective. The commissioner
4079 shall give the licensee notice of the automatic suspension pending
4080 proceedings for revocation or refusal to renew and an opportunity for
4081 a hearing on such actions in accordance with section 36a-51.] In
4082 accordance with section 36a-24b, the commissioner may automatically
4083 suspend any license if such person receives a deficiency on the system
4084 indicating that a required payment was Returned-ACH or returned
4085 pursuant to any other term as may be utilized by the system to indicate
4086 that payment was not accepted. After the license has been
4087 automatically suspended pursuant to this subsection, the
4088 commissioner shall (1) give the licensee notice of the automatic
4089 suspension pending proceedings for revocation or refusal to renew
4090 pursuant to section 36a-657, as amended by this act, and an
4091 opportunity for a hearing on such action in accordance with section
4092 36a-51, as amended by this act, and (2) require such licensee to take or
4093 refrain from taking such action that, in the opinion of the
4094 commissioner, will effectuate the purposes of this section.

4095 (f) No abatement of the license fee shall be made if the application is

4096 denied or withdrawn prior to the issuance of the license or if the
4097 license is surrendered, revoked or suspended prior to the expiration of
4098 the period for which it was issued. [The fee] All fees required by
4099 subsection (d) of this section shall be nonrefundable.

4100 (g) The commissioner may deem an application for a license to
4101 engage in the business of debt adjustment abandoned if the applicant
4102 fails to respond to any request for information required under sections
4103 36a-655 to 36a-665, inclusive, as amended by this act, or any
4104 regulations adopted pursuant to said sections 36a-655 to 36a-665,
4105 inclusive, as amended by this act. The commissioner shall notify the
4106 applicant [, in writing,] on the system that if the applicant fails to
4107 submit such information not later than sixty days after the date on
4108 which such request for information was made, the application shall be
4109 deemed abandoned. In the event an application is deemed abandoned,
4110 any application filing fee paid prior to the date on which the
4111 application was filed is deemed abandoned and shall not be refunded.
4112 Abandonment of an application pursuant to this subsection shall not
4113 preclude the applicant from submitting a new application for a license
4114 under sections 36a-655 to 36a-665, inclusive, as amended by this act.

4115 (h) Every license shall remain in force and effect until the license has
4116 been surrendered, revoked or suspended or has expired in accordance
4117 with the provisions of sections 36a-555 to 36a-665, inclusive, as
4118 amended by this act. Not later than fifteen days after a licensee ceases
4119 to engage in the business of a debt adjuster in this state for any reason,
4120 including a business decision to terminate operations in this state,
4121 license revocation, bankruptcy or voluntary dissolution, such licensee
4122 shall surrender to the commissioner its license for each location in
4123 which such licensee has ceased to engage in such business in
4124 accordance with subsection (c) of section 36a-51, as amended by this
4125 act.

4126 Sec. 64. Section 36a-657 of the general statutes is repealed and the
4127 following is substituted in lieu thereof (*Effective October 1, 2018*):

4128 (a) The commissioner may suspend, revoke or refuse to renew any
4129 license or take any other action, in accordance with the provisions of
4130 section 36a-51, as amended by this act, for any reason which would be
4131 sufficient grounds for the commissioner to deny an application for a
4132 license under sections 36a-655 to 36a-665, inclusive, as amended by this
4133 act, or if the commissioner finds that the licensee or any [proprietor,
4134 director, officer, member, partner, shareholder] control person,
4135 qualified individual, branch manager, trustee, employee or agent of
4136 such licensee has done any of the following: (1) Made any material
4137 misstatement in the application; (2) committed any fraud or
4138 misappropriated funds; (3) violated any of the provisions of [sections
4139 36a-655 to 36a-665, inclusive, or any other law or regulation] this title
4140 or of any regulation or order adopted or issued pursuant thereto, and
4141 pertaining to any such person or any other law or regulation
4142 applicable to the conduct of [its] such licensee's debt adjustment
4143 business; or (4) failed to perform any agreement with a debtor.

4144 (b) Whenever it appears to the commissioner that (1) any person has
4145 violated, is violating or is about to violate the provisions of sections
4146 36a-655 to 36a-665, inclusive, as amended by this act, or any regulation
4147 adopted thereunder; (2) any person is, was or would be the cause of
4148 the violation of any such provision or regulation due to an act or
4149 omission such person knew or should have known would contribute
4150 to such violation; or (3) any licensee or any [proprietor, director,
4151 officer, member, partner, shareholder] control person, qualified
4152 individual, branch manager, trustee, employee or agent of such
4153 licensee has committed any fraud, misappropriated funds or failed to
4154 perform any agreement with a debtor, the commissioner may take
4155 action against such person or licensee in accordance with sections 36a-
4156 50 and 36a-52.

4157 (c) The commissioner may order a licensee to remove any individual
4158 conducting business under sections 36a-555 to 36a-565, inclusive, as
4159 amended by this act, from office and from employment or retention as
4160 an independent contractor in the debt adjuster business in this state in

4161 accordance with section 5 of this act.

4162 (d) The commissioner may issue a temporary order to cease
4163 business under a license if the commissioner determines that such
4164 license was issued erroneously. Such temporary order shall be issued
4165 in accordance with subsection (j) of section 36a-24b.

4166 Sec. 65. Section 36a-658 of the general statutes is repealed and the
4167 following is substituted in lieu thereof (*Effective October 1, 2018*):

4168 (a) Each license shall state the location at which the business is to be
4169 conducted and shall state fully the name of the licensee. If the licensee
4170 desires to engage in the business of debt adjustment in more than one
4171 location, the licensee shall procure a license for each location where the
4172 business is to be conducted. [Each license shall be maintained at the
4173 location for which the license was issued and shall be available for
4174 public inspection. Such] A license issued under section 36a-656, as
4175 amended by this act, shall not be transferable or assignable. [, provided
4176 any change of location of a licensee shall require only prior written
4177 notice to the commissioner.] Any change in any control person shall be
4178 the subject of an advance change notice filed on the system at least
4179 sixty days prior to the effective date of such change and any change
4180 shall not occur without the commissioner's approval.

4181 (b) No licensee shall use any name or address other than the name
4182 and address stated on the license issued by the commissioner. No
4183 licensee may use any name other than its legal name or a fictitious
4184 name approved by the commissioner, provided such licensee may not
4185 use its legal name if the commissioner disapproves use of such name.
4186 A licensee may change the name of the licensee or address of the office
4187 specified on the most recent filing with the system if (1) at least thirty
4188 calendar days prior to such change, the licensee files such change with
4189 the system and provides to the commissioner a bond rider,
4190 endorsement or addendum, as applicable; and (2) the commissioner
4191 does not disapprove such change, in writing, or request further

4192 information from the licensee within such thirty-day period.

4193 (c) The commissioner may automatically suspend any license for a
4194 violation of subsection (a) or (b) of this section. After the license has
4195 been automatically suspended pursuant to this subsection, the
4196 commissioner shall (1) give the licensee notice of such automatic
4197 suspension pending proceedings for revocation of or refusal to renew
4198 the license pursuant to section 36a-567, as amended by this act, and an
4199 opportunity for a hearing in accordance with section 36a-51, as
4200 amended by this act, and (2) require the licensee to take or refrain from
4201 taking action that, in the opinion of the commissioner, is necessary to
4202 effectuate the purpose of this section.

4203 (d) Not later than fifteen days after a licensee ceases to engage in
4204 this state in the business of debt adjustment for any reason, including a
4205 business decision to terminate operations in this state, license
4206 revocation, bankruptcy or voluntary dissolution, such licensee shall
4207 surrender to the commissioner [in person or by registered or certified
4208 mail] its license for each location in which such licensee has ceased to
4209 engage in such business in accordance with subsection (c) of section
4210 36a-51, as amended by this act.

4211 (e) Except as otherwise specified in subsections (a) and (b) of this
4212 section, each debt adjuster applicant or licensee, and each control
4213 person, qualified individual or branch manager of such applicant or
4214 licensee shall file on the system or, if the information cannot be filed on
4215 the system, notify the commissioner, in writing, of any change in the
4216 information such applicant, licensee, control person, qualified
4217 individual or branch manager most recently submitted to the system in
4218 connection with the application or license within fifteen days from the
4219 date such applicant, licensee, control person, qualified individual or
4220 branch manager had reason to know of the change.

4221 (f) A debt adjuster licensee shall file on the system or, if the
4222 information cannot be filed on the system, notify the commissioner, in

4223 writing, of the occurrence of any of the following developments within
4224 fifteen days of the date the licensee had reason to know of the
4225 occurrence of any of the following developments:

4226 (1) Filing for bankruptcy or the consummation of a corporate
4227 restructuring of the licensee;

4228 (2) Filing of a criminal indictment against the licensee in any way
4229 related to the debt adjuster activities of the licensee, or receiving
4230 notification of the filing of any criminal felony indictment or felony
4231 conviction of any control person, branch manager or qualified
4232 individual of the licensee;

4233 (3) Receiving notification of the institution of license denial, cease
4234 and desist, suspension or revocation procedures, or other formal or
4235 informal action by any governmental agency against the licensee or
4236 any control person, branch manager or qualified individual of the
4237 licensee and the reasons therefor;

4238 (4) Receiving notification of the initiation of any action against the
4239 licensee or any control person, branch manager or qualified individual
4240 of the licensee by the Attorney General or the attorney general of any
4241 other state and the reasons therefor; or

4242 (5) Receiving notification of filing for bankruptcy of any control
4243 person, branch manager or qualified individual of the licensee.

4244 (g) Any person filing or submitting any information on the system
4245 shall do so in accordance with the procedures and requirements of the
4246 system and shall pay the applicable fees or charges to the system. Each
4247 debt adjuster licensee, to the extent required by the system, shall
4248 timely submit to the system accurate reports of condition that shall be
4249 in such form and shall contain such information as the system may
4250 require. Failure by a licensee to submit a timely and accurate report of
4251 condition shall constitute a violation of this provision.

4252 (h) The unique identifier of any person licensed under section 36a-
4253 656, as amended by this act, shall be clearly shown on all solicitations
4254 or advertisements, including business cards or web sites, and any
4255 other documents as established by rule, regulation or order of the
4256 commissioner, and shall be clearly stated in all audio solicitations or
4257 advertisements. The solicitations or advertisements of any person
4258 licensed under section 36a-541, as amended by this act: (1) Shall not
4259 include any statement that such person is endorsed in any way by this
4260 state, except that such solicitations or advertisements may include a
4261 statement that such person is licensed in this state; (2) shall not include
4262 any statement or claim that is deceptive, false or misleading; (3) shall
4263 otherwise conform to the requirements of sections 36a-655 to 36a-665,
4264 inclusive, as amended by this act, any regulations issued thereunder
4265 and any other applicable law; and (4) shall be retained for two years
4266 from the date of use of such solicitation or advertisement.

4267 Sec. 66. Section 36a-664 of the general statutes is repealed and the
4268 following is substituted in lieu thereof (*Effective October 1, 2018*):

4269 (a) (1) Except as provided in subdivision (2) of this subsection, no
4270 such license, and no renewal thereof, shall be granted unless the
4271 applicant has filed a surety bond with the commissioner written by a
4272 surety authorized to write such bonds in this state, provided any
4273 applicant that files applications for licenses for more than one location
4274 shall file a single bond. Except as provided in this subdivision, for
4275 every applicant, the principal amount of the bond shall be the greater
4276 of (A) forty thousand dollars, or (B) (i) twice the amount of the average
4277 daily balance of the payments received by the applicant from
4278 Connecticut debtors in connection with the applicant's debt adjustment
4279 activity during the preceding twelve months ending [July thirty-first]
4280 June thirtieth of each year, or (ii) in the case of an applicant that has
4281 acquired the business of a predecessor debt adjuster, the lesser of the
4282 amount of the predecessor's debt adjustment activity during such
4283 preceding period or one million dollars. The commissioner may
4284 require a larger bond if the commissioner determines that a licensee

4285 has engaged in a pattern of conduct resulting in bona fide consumer
4286 complaints of misconduct and that such increased bond is necessary
4287 for the protection of consumers, or may increase or decrease the
4288 amount of the bond based upon the applicant's or licensee's financial
4289 condition, business plan and the actual or estimated aggregate amount
4290 of payments and fees paid by Connecticut debtors to such applicant.
4291 [Each] To the extent not captured on a required report of condition on
4292 the system, licensee shall submit to the commissioner, by September
4293 first of each year, in a form and manner as may be prescribed by the
4294 commissioner, a report containing information on the average daily
4295 balance of the payments received by the licensee from Connecticut
4296 debtors during the preceding twelve months ending [July thirty-first]
4297 June thirtieth of each such year. [The report shall be subscribed and
4298 affirmed as true by the licensee and shall be in a form prescribed by
4299 the commissioner.]

4300 (2) If a licensee or applicant for renewal of a license establishes that
4301 such licensee or applicant is unable to comply with the bond required
4302 by subdivision (1) of this subsection, it shall file a bond for the highest
4303 principal amount it can obtain, provided such amount shall be a
4304 minimum of forty thousand dollars, and the licensee or applicant for
4305 renewal shall, in lieu of the balance of the required amount of the
4306 bond, deposit a sum equal to the amount of the bond required by
4307 subdivision (1) of this subsection, less the amount of the bond filed
4308 with the commissioner, in cash or cash equivalents, with such bank,
4309 out-of-state bank that has a branch in this state, Connecticut credit
4310 union or federal credit union as such applicant or licensee may
4311 designate and the commissioner may approve, and subject to such
4312 conditions as the commissioner deems necessary for the protection of
4313 consumers and in the public interest. No licensee or applicant shall
4314 make such deposit until the depository institution and the licensee or
4315 applicant executes a deposit agreement satisfactory to the
4316 commissioner. The deposit agreement shall pledge the amount
4317 deposited to the commissioner and provide that the depository

4318 institution shall not release any of the moneys pledged without the
4319 authorization of the commissioner. The amount deposited shall secure
4320 the same obligation as would a surety bond filed under this section
4321 and shall be held at such banks or credit unions to cover claims during
4322 the period the license remains in full force and effect and the
4323 succeeding two years after such license has been surrendered, revoked
4324 or suspended or has expired. The licensee or applicant may collect
4325 interest on such deposit in accordance with its deposit agreement. The
4326 deposits made pursuant to this section shall be deemed, by operation
4327 of law, to be held in trust for the benefit of any debtor, who may be
4328 damaged by failure of a licensee or applicant to perform any written
4329 agreements or by the wrongful conversion of funds paid to a licensee
4330 in the event of the bankruptcy of the licensee, and shall be immune
4331 from attachment by creditors or judgment creditors.

4332 (3) The form of any surety bond submitted pursuant to this section
4333 shall be approved by the Attorney General. Any surety bond filed
4334 under this section shall be conditioned upon the licensee faithfully
4335 performing any and all written agreements with debtors, truly and
4336 faithfully accounting for all funds received by the licensee in the
4337 licensee's capacity as a debt adjuster, and conducting such business
4338 consistent with the provisions of sections 36a-655 to 36a-665, inclusive,
4339 as amended by this act. Any debtor who may be damaged by failure to
4340 perform any written agreements, or by the wrongful conversion of
4341 funds paid to a licensee, may proceed on any such surety bond against
4342 the principal or surety thereon, or both, to recover damages. The
4343 commissioner may proceed on any such surety bond against the
4344 principal or surety thereon, or both, to collect any civil penalty
4345 imposed upon the licensee pursuant to subsection (a) of section 36a-50,
4346 and effective April 1, 2019, any restitution imposed pursuant to
4347 subsection (c) of section 36a-50, and any unpaid costs of examination
4348 and unpaid assessment as determined pursuant to section 36a-65, as
4349 amended by this act, as applicable. The proceeds of any bond, even if
4350 commingled with other assets of the licensee, shall be deemed by

4351 operation of law to be held in trust for the benefit of such claimants
4352 against the licensee in the event of bankruptcy of the licensee and shall
4353 be immune from attachment by creditors and judgment creditors. Any
4354 bond required by this section shall be maintained during the entire
4355 period of the license granted to the applicant, and the aggregate
4356 liability under any such bond shall not exceed the principal amount of
4357 the bond or the limit of liability.

4358 (b) The surety shall have the right to cancel any bond filed under
4359 subsection (a) of this section at any time by a written notice to the
4360 licensee and the commissioner, stating the date cancellation shall take
4361 effect. [Such notice] If such bond is issued electronically on the system,
4362 written notice of cancellation may be provided by the surety to the
4363 principal and the commissioner through the system at least thirty days
4364 prior to the date of cancellation. Any notice of cancellation not
4365 provided through the system shall be sent by certified mail to the
4366 licensee and the commissioner at least thirty days prior to the date of
4367 cancellation. No such bond shall be cancelled unless the surety notifies
4368 the commissioner in writing not less than thirty days prior to the
4369 effective date of cancellation. After receipt of such notification from the
4370 surety, the commissioner shall give written notice to the licensee of the
4371 date such bond cancellation shall take effect. The commissioner shall
4372 automatically suspend the license on such date, unless prior to such
4373 date the licensee submits a letter of reinstatement of the bond from the
4374 surety or a new bond or the licensee has surrendered the license. After
4375 a license has been automatically suspended, the commissioner shall
4376 give the licensee notice of the automatic suspension pending
4377 proceedings for revocation or refusal to renew and an opportunity for
4378 a hearing on such actions in accordance with section 36a-51, as
4379 amended by this act, and require the licensee to take or refrain from
4380 taking such action as in the opinion of the commissioner will effectuate
4381 the purposes of this section.

4382 (c) No licensee shall use, attempt to use or make reference to, either
4383 directly or indirectly, any word or phrase which states or implies that

4384 the licensee is endorsed, sponsored, recommended or bonded by the
4385 state.

4386 Sec. 67. Section 36a-671 of the 2018 supplement to the general
4387 statutes is repealed and the following is substituted in lieu thereof
4388 (*Effective October 1, 2018*):

4389 (a) As used in this section and sections 36a-671a to 36a-671f,
4390 inclusive, as amended by this act:

4391 (1) "Advertise" or "advertising" has the same meaning as provided
4392 in section 36a-485, as amended by this act.

4393 (2) "Branch office" means a location other than the main office at
4394 which a licensee or any person on behalf of a licensee engages or offers
4395 to engage in debt negotiation.

4396 [(2)] (3) "Control person" has the same meaning as provided in
4397 section 36a-485, as amended by this act.

4398 [(3)] (4) "Debt negotiation" means, for or with the expectation of a
4399 fee, commission or other valuable consideration, assisting a debtor in
4400 negotiating or attempting to negotiate on behalf of a debtor the terms
4401 of a debtor's obligations with one or more mortgagees or creditors of
4402 the debtor, including the negotiation of short sales of residential
4403 property or foreclosure rescue services.

4404 [(4)] (5) "Debtor" means any individual who has incurred
4405 indebtedness or owes a debt for personal, family or household
4406 purposes.

4407 [(5)] (6) "Foreclosure rescue services" means services related to or
4408 promising assistance in connection with (A) avoiding or delaying
4409 actual or anticipated foreclosure proceedings concerning residential
4410 property, or (B) curing or otherwise addressing a default or failure to
4411 timely pay with respect to a mortgage loan secured by residential
4412 property, and includes, but is not limited to, the offer, arrangement or

4413 placement of a mortgage loan secured by residential property or other
4414 extension of credit when those services are advertised, offered or
4415 promoted in the context of foreclosure related services.

4416 (7) "Main office" has the same meaning as provided in section 36a-
4417 485, as amended by this act.

4418 [(6)] (8) "Mortgagee" means the original lender under a mortgage
4419 loan secured by residential property or its agents, successors or
4420 assigns.

4421 [(7)] (9) "Mortgagor" means a debtor who is an owner of residential
4422 property, including, but not limited to, a single-family unit in a
4423 common interest community, who is also the borrower under a
4424 mortgage encumbering such residential property.

4425 [(8)] (10) "Residential property" means a one-to-four family owner-
4426 occupied real property.

4427 [(9)] (11) "Short sale" means the sale of residential property by a
4428 mortgagor for an amount less than the outstanding balance owed on
4429 the loan secured by such property where, prior to the sale, the
4430 mortgagee or an assignee of the mortgagee agrees to accept less than
4431 the outstanding loan balance in full or partial satisfaction of the
4432 mortgage debt and the proceeds of the sale are paid to the mortgagee
4433 or an assignee of the mortgagee.

4434 (12) "Unique identifier" has the same meaning as provided in
4435 section 36a-485, as amended by this act.

4436 (b) No person shall engage or offer to engage in debt negotiation in
4437 this state [without a license issued under this section for each location
4438 where debt negotiation will be conducted. Any person desiring to
4439 obtain such a license shall file with the commissioner an application
4440 under oath, setting forth such information as the commissioner may
4441 require. Each applicant for a license and each licensee shall notify the

4442 commissioner of any change in the applicant's business from that
4443 stated in the application for the license] unless such person has first
4444 obtained a required license for its main office and for each branch
4445 office where such business is conducted in accordance with the
4446 provisions of sections 36a-671 to 36a-671f, inclusive, as amended by
4447 this act. No person shall conduct any activity that is subject to licensure
4448 pursuant to sections 36a-671 to 36a-671f, inclusive, as amended by this
4449 act, at any office located outside of the United States. A person is
4450 engaging in debt negotiation in this state if such person: (1) Has a place
4451 of business located within this state; (2) has a place of business located
4452 outside of this state and the debtor is a resident of this state who
4453 negotiates or agrees to the terms of the services in person, by mail, by
4454 telephone or via the Internet; or (3) has its place of business located
4455 outside of this state and the services concern a debt that is secured by
4456 property located within this state.

4457 (c) An application for an original or renewal debt negotiation license
4458 shall be [in writing on a form provided by the commissioner and shall
4459 include (1) the history of criminal convictions of the (A) applicant, (B)
4460 partners, if the applicant is a partnership, (C) members, if the applicant
4461 is a limited liability company or association, or (D) officers, directors
4462 and principal employees, if the applicant is a corporation; and (2)
4463 sufficient information pertaining to the history of criminal convictions,
4464 in a form acceptable to the commissioner, on such applicant, partners,
4465 members, officers, directors and principal employees as the
4466 commissioner deems necessary to make the findings under subsection
4467 (d) of this section. The commissioner, in accordance with section 29-
4468 17a, may conduct a state and national criminal history records check of
4469 the applicant and of each partner, member, officer, director and
4470 principal employee of the applicant] made and processed on the
4471 system pursuant to section 36a-24b, in the form prescribed by the
4472 commissioner on the system. Each such form shall contain content as
4473 set forth by instruction or procedure of the commissioner and may be
4474 changed or updated as necessary by the commissioner in order to

4475 carry out the purposes of sections 36a-671 to 36a-671f, inclusive, as
4476 amended by this act. The applicant shall, at a minimum, furnish to the
4477 system information concerning the identity of the applicant, any
4478 control person of the applicant, the qualified individual and any
4479 branch manager responsible for the actions of the applicant, including,
4480 but not limited to, information related to such person's personal
4481 history and experience, and any administrative, civil or criminal
4482 findings by any governmental jurisdiction. As part of the application,
4483 the commissioner may (1) in accordance with section 29-17a, conduct a
4484 state or national criminal history records check of the applicant, any
4485 control person of the applicant, the qualified individual or any branch
4486 manager, and (2) in accordance with section 36a-24b (A) require the
4487 submission of fingerprints of the applicant, any control person of the
4488 applicant, the qualified individual or any branch manager to the
4489 Federal Bureau of Investigation or other state, national or international
4490 criminal databases, and (B) investigate the financial condition of any
4491 such person and require authorization from any such person for the
4492 system and the commissioner to obtain an independent credit report
4493 from a consumer reporting agency, as described in Section 603(p) of
4494 the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to
4495 time. The commissioner may deem an application for a debt
4496 negotiation license abandoned if the applicant fails to respond to any
4497 request for information required under sections 36a-671 to [36a-671e]
4498 36a-671f, inclusive, as amended by this act, or any regulations adopted
4499 pursuant to said sections 36a-671 to [36a-671e] 36a-671f, inclusive, as
4500 amended by this act. The commissioner shall notify the applicant [, in
4501 writing,] on the system that if the applicant fails to submit such
4502 information not later than sixty days after the date on which such
4503 request for information was made, the application shall be deemed
4504 abandoned. An application filing fee paid prior to the date an
4505 application is deemed abandoned pursuant to this subsection shall not
4506 be refunded. Abandonment of an application pursuant to this
4507 subsection shall not preclude the applicant from submitting a new
4508 application for a license under sections 36a-671 to [36a-671e] 36a-671f,

4509 inclusive, as amended by this act.

4510 (d) (1) If the commissioner finds, upon the filing of an application
4511 for a debt negotiation license, that: [(1)] (A) The financial
4512 responsibility, character, reputation, integrity and general fitness of the
4513 [(A)] applicant [, (B) partners thereof, if the applicant is a partnership,
4514 (C) members, if the applicant is a limited liability company or
4515 association, and (D) officers, directors and principal employees, if the
4516 applicant is a corporation,] and any control person, qualified
4517 individual and branch manager of the applicant are such as to warrant
4518 belief that the business will be operated soundly and efficiently, in the
4519 public interest and consistent with the purposes of sections 36a-671 to
4520 36a-671f, inclusive, as amended by this act; [and (2)] (B) the applicant is
4521 solvent and no proceeding in bankruptcy, receivership or assignment
4522 for the benefit of creditors has been commenced against the applicant;
4523 [.] and (C) the applicant has the bond required by section 36a-671d, as
4524 amended by this act, the commissioner may thereupon issue the
4525 applicant a debt negotiation license. [Such debt negotiation license
4526 shall not be transferable. Any change of location of a licensee shall
4527 require prior written notice to the commissioner. No licensee shall use
4528 any name unless such name has been approved by the commissioner.]
4529 If the commissioner fails to make such findings, the commissioner
4530 shall not issue a license and shall notify the applicant of the reasons for
4531 such denial. The commissioner may deny an application if the
4532 commissioner finds that the applicant or any [partner, member, officer,
4533 director or principal employee] control person, qualified individual or
4534 branch manager of the applicant has been convicted of any
4535 misdemeanor involving any aspect of the debt negotiation business or
4536 any felony or has made a material misstatement in the application.
4537 Any denial of an application by the commissioner shall, when
4538 applicable, be subject to the provisions of section 46a-80. [Withdrawal
4539 of an application for a license shall become effective upon receipt by
4540 the commissioner of a notice of intent to withdraw such application.
4541 The commissioner may deny a license up to the date one year after the

4542 effective date of withdrawal.]

4543 (2) The minimum standards for renewal of a debt negotiation
4544 license shall include the following: (A) The applicant continues to meet
4545 the minimum standards for license issuance under subdivision (1) of
4546 this subsection; (B) the applicant has paid all required fees for renewal
4547 of the license; and (C) the applicant has paid any outstanding
4548 examination fees or other moneys due to the commissioner.

4549 (e) [Each applicant for an original or renewal debt negotiation
4550 license shall, at the time of making such application, pay to the
4551 commissioner an application fee of one thousand six hundred dollars,
4552 provided, if such application is filed not earlier than one year before
4553 the date such license will expire, such person shall pay a license fee of
4554 eight hundred dollars. Each such license shall expire at the close of
4555 business on September thirtieth of the odd-numbered year following
4556 its issuance unless such license is renewed. Each licensee shall, on or
4557 before September first of the year in which the license expires, file such
4558 renewal application as the commissioner may require. Whenever an
4559 application for a license is filed under this section by any person who
4560 was a licensee under this section and whose license expired less than
4561 sixty days prior to the date such application was filed, such application
4562 shall be accompanied by a one-hundred-dollar processing fee in
4563 addition to the application fee.] Each applicant for a debt negotiation
4564 license shall pay to the system any required fees or charges and a
4565 license fee of eight hundred dollars. Each such license shall expire at
4566 the close of business on December thirty-first of the year in which the
4567 license was approved, unless such license is renewed, and provided
4568 any such license approved on or after November first shall expire at
4569 the close of business on December thirty-first of the year following the
4570 year in which it is approved. An application for renewal of a license
4571 shall be filed between November first and December thirty-first of the
4572 year in which the license expires. Each applicant for renewal of a
4573 money transmission license shall pay to the system any required fees
4574 or charges and a renewal fee of eight hundred dollars.

4575 (f) [If the commissioner determines that a check filed with the
4576 commissioner to pay an application fee has been dishonored, the
4577 commissioner shall automatically suspend the license or a renewal
4578 license that has been issued but is not yet effective. The commissioner
4579 shall give the licensee notice of the automatic suspension pending
4580 proceedings for revocation or refusal to renew and an opportunity for
4581 a hearing on such actions in accordance with section 36a-51.] The
4582 commissioner may automatically suspend a license if the licensee
4583 receives a deficiency on the system indicating that a required payment
4584 was Returned-ACH or returned pursuant to such other term as may be
4585 utilized by the system to indicate that the payment was not accepted.
4586 After a license has been automatically suspended pursuant to this
4587 section, the commissioner shall (1) give such licensee notice of the
4588 automatic suspension, pending proceedings for revocation or refusal
4589 to renew pursuant to section 36a-671a, as amended by this act, and an
4590 opportunity for a hearing on such action in accordance with section
4591 36a-51, as amended by this act, and (2) require such licensee to take or
4592 refrain from taking such action that, in the opinion of the
4593 commissioner, will effectuate the purposes of this section.

4594 (g) No abatement of the license fee shall be made if the application
4595 is denied or withdrawn prior to issuance of the license or if the license
4596 is surrendered, revoked or suspended prior to the expiration of the
4597 period for which it was issued. [The fee] All fees required by
4598 subsection (e) of this section shall be nonrefundable.

4599 (h) The license shall not be transferable or assignable. Any change in
4600 any control person of the licensee shall be the subject of an advance
4601 change notice filed on the system not later than sixty days prior to the
4602 effective date of such change and any change shall not occur without
4603 the commissioner's approval.

4604 (i) No licensee may use any name other than its legal name or a
4605 fictitious name approved by the commissioner, provided such licensee
4606 may not use its legal name if the commissioner disapproves use of

4607 such name. No licensee shall use any name or address other than
4608 specified on the license issued by the commissioner. A licensee may
4609 change the name of the licensee or the address of the office specified
4610 on the most recent filing with the system if, at least thirty calendar
4611 days prior to such change, the licensee files such change with the
4612 system and provides to the commissioner a bond rider, endorsement
4613 or addendum, as applicable, and the commissioner does not
4614 disapprove such change, in writing, or request further information
4615 within such thirty-day period.

4616 (j) The commissioner may automatically suspend any license for a
4617 violation of subsection (h) or (i) of this section. After the license has
4618 been automatically suspended pursuant to this subsection, the
4619 commissioner shall (1) provide the licensee notice of such automatic
4620 suspension pending proceedings for revocation of or refusal to renew
4621 the license pursuant to section 36a-671a, as amended by this act, (2)
4622 provide the licensee an opportunity for a hearing in accordance with
4623 section 36a-51, as amended by this act, and (3) require the licensee to
4624 take or refrain from taking action that, in the opinion of the
4625 commissioner, is necessary to effectuate the purpose of this section.

4626 (k) Not later than fifteen days after a licensee ceases to engage in the
4627 business of debt negotiation in this state for any reason, including, but
4628 not limited to, a business decision to terminate operations in this state,
4629 bankruptcy or voluntary dissolution, such licensee shall surrender to
4630 the commissioner its license for each location in which such licensee
4631 has ceased to engage in such business in accordance with subsection
4632 (c) of section 36a-51, as amended by this act.

4633 (l) Except as otherwise specified in subsections (h) and (i) of this
4634 section, each debt negotiation applicant or licensee, and each
4635 individual designated as a control person, qualified individual or
4636 branch manager of such applicant or licensee, shall file to the system
4637 any change in the information most recently submitted to the system
4638 by such applicant, licensee, control person, qualified individual or

4639 branch manager in connection with the application or license, or, if the
4640 information cannot be filed on the system, notify the commissioner of
4641 such change, in writing, not later than fifteen days from the date such
4642 applicant, licensee, control person, qualified individual or branch
4643 manager had reason to know of the change. A debt negotiation
4644 licensee shall file with the system or, if the information cannot be filed
4645 on the system, notify the commissioner, in writing, not later than
4646 fifteen days after the licensee had reason to know of the occurrence of
4647 any of the following events:

4648 (1) Filing for bankruptcy or the consummation of a corporate
4649 restructuring of the licensee;

4650 (2) Filing of a criminal indictment against the licensee for activities
4651 related to debt negotiation, or receiving notification of the filing of any
4652 criminal felony indictment or felony conviction of any control person,
4653 branch manager or qualified individual of the licensee;

4654 (3) Receiving notification of the institution of license denial, cease
4655 and desist, suspension or revocation procedures, or other formal or
4656 informal regulatory action by any governmental agency against the
4657 licensee or any control person, branch manager or qualified individual
4658 of the licensee and the reasons therefor;

4659 (4) Receiving notification of the initiation of any action against the
4660 licensee or any control person, branch manager or qualified individual
4661 of the licensee by the Attorney General or the attorney general of any
4662 other state and the reasons therefor; or

4663 (5) Receiving notification of filing for bankruptcy of any control
4664 person, branch manager or qualified individual of the licensee.

4665 (m) Any person making any filing or submission of any information
4666 on the system shall do so in accordance with the procedures and
4667 requirements of the system and pay the applicable fees or charges to
4668 the system. Each debt negotiation licensee shall, to the extent required

4669 by the system, timely submit to the system accurate reports of
4670 condition that shall be in such form and shall contain such information
4671 as the system may require. Failure by a licensee to submit a timely and
4672 accurate report of condition shall constitute a violation of this
4673 provision.

4674 (n) The unique identifier of any person licensed under section 36a-
4675 671, as amended by this act, shall be clearly shown on all solicitations
4676 or advertisements, including business cards or web sites, and any
4677 other documents as established by rule, regulation or order of the
4678 commissioner, and shall be clearly stated in all audio solicitations or
4679 advertisements. The solicitations or advertisements of any person
4680 licensed under section 36a-671, as amended by this act: (1) Shall not
4681 include any statement that such person is endorsed in any way by this
4682 state, except that such solicitations or advertisements may include a
4683 statement that such person is licensed in this state; (2) shall not include
4684 any statement or claim that is deceptive, false or misleading; (3) shall
4685 otherwise conform to the requirements of sections 36a-671 to 36a-671f,
4686 inclusive, as amended by this act, any regulations issued thereunder
4687 and any other applicable law; and (4) shall be retained for two years
4688 from the date of use of such solicitation or advertisement.

4689 Sec. 68. Section 36a-671a of the general statutes is repealed and the
4690 following is substituted in lieu thereof (*Effective October 1, 2018*):

4691 (a) The commissioner may suspend, revoke or refuse to renew any
4692 license or take any other action, in accordance with the provisions of
4693 section 36a-51, as amended by this act, for any reason that would be
4694 sufficient grounds for the commissioner to deny an application for a
4695 license under sections 36a-671 to [36a-671e] 36a-671f, inclusive, as
4696 amended by this act, or if the commissioner finds that the licensee or
4697 any [proprietor, director, officer, member, partner, shareholder]
4698 control person, qualified individual, branch manager, trustee,
4699 employee or agent of such licensee has done any of the following: (1)
4700 Made any material misstatement in the application; (2) committed any

4701 fraud or misappropriated funds; (3) violated any of the provisions of
4702 [sections 36a-671 to 36a-671e, inclusive] this title or of any regulation or
4703 order adopted or issued pursuant thereto, and pertaining to any such
4704 person, or any other law or regulation applicable to the conduct of [its]
4705 such licensee's debt negotiation business; or (4) failed to perform any
4706 agreement with a debtor.

4707 (b) Whenever it appears to the commissioner that (1) any person has
4708 violated, is violating or is about to violate the provisions of sections
4709 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act, or any
4710 regulation adopted thereunder; (2) any person is, was or would be a
4711 cause of the violation of any such provision or regulation due to an act
4712 or omission such person knew or should have known would
4713 contribute to such violation; or (3) any licensee or any [proprietor,
4714 director, officer, member, partner, shareholder] control person,
4715 qualified individual, branch manager, trustee, employee or agent of
4716 such licensee has committed any fraud, misappropriated funds or
4717 failed to perform any agreement with a debtor, the commissioner may
4718 take action against such person or licensee in accordance with sections
4719 36a-50 and 36a-52. For purposes of sections 36a-671 to [36a-671e] 36a-
4720 671f, inclusive, as amended by this act, each engagement and each
4721 offer to engage in debt negotiation shall constitute a separate violation.

4722 (c) Upon complaint, the commissioner may review any fees or
4723 charges assessed by a person engaging or offering to engage in debt
4724 negotiation services and order the reduction of such fees or charges or
4725 repayment of such amount of the fees or charges that the
4726 commissioner deems excessive, taking into consideration the fees that
4727 other persons performing similar debt negotiation services charge for
4728 such services and the benefit to the consumer of such services. In
4729 conducting an investigation pursuant to this subsection, the
4730 commissioner shall have the same authority as specified in section 36a-
4731 17, as amended by this act.

4732 (d) The commissioner may order a licensee to remove any

4733 individual conducting business under sections 36a-671 to 36a-671f,
4734 inclusive, as amended by this act, from office and from employment or
4735 retention as an independent contractor in the sales finance business in
4736 this state in accordance with section 5 of this act.

4737 (e) The commissioner may issue a temporary order to cease business
4738 under a license if the commissioner determines that such license was
4739 issued erroneously. Such temporary order shall be issued in
4740 accordance with subsection (j) of section 36a-24b.

4741 Sec. 69. Section 36a-671d of the general statutes is repealed and the
4742 following is substituted in lieu thereof (*Effective October 1, 2018*):

4743 (a) (1) No debt negotiation license, and no renewal thereof, shall be
4744 granted unless the applicant has filed the surety bond required by this
4745 section, which bond shall be written by a surety authorized to write
4746 such bonds in this state.

4747 (2) No application for a debt negotiation license for a main office,
4748 and no renewal of such a license, shall be granted unless the applicant
4749 has filed a single surety bond with the commissioner in an aggregate
4750 amount of fifty thousand dollars, or such other amount required by
4751 subdivision (4) of this subsection. No application for a debt negotiation
4752 license branch office, and no renewal of such a license, shall be granted
4753 unless the applicant has identified such branch office as a bonded
4754 location by addendum to the main office surety bond required by this
4755 section.

4756 (3) Each debt negotiation licensee shall file a single surety bond that
4757 complies with the requirements of this section in connection with the
4758 main office license with the commissioner in an aggregate amount of
4759 fifty thousand dollars or such other amount required in subdivision (4)
4760 of this subsection, which bond shall identify any licensed branch office
4761 as a bonded location on such bond by addendum.

4762 (4) In the case of a debt negotiation licensee engaging or offering to

4763 engage in the business of negotiating residential mortgage loans on
4764 behalf of mortgagors, such debt negotiation licensee shall file a bond in
4765 the penal sum amount set forth in subsection (e) of this section based
4766 on the aggregate dollar amount of the residential mortgage loans
4767 negotiated or offered to be negotiated by its sponsored mortgage loan
4768 originator licensees. The principal on a bond required by this
4769 subdivision shall [annually] file quarterly reports on the system
4770 reflecting residential mortgage loan volume in accordance with
4771 subsection (g) of this section and subsection (m) of section 36a-671, as
4772 amended by this act, to confirm that it maintains the required penal
4773 sum in the amount required by this subdivision.

4774 (5) [Not later than September 1, 2012, and each September first
4775 thereafter, a] Each debt negotiation licensee shall file with the
4776 commissioner such information as the commissioner may require to
4777 confirm that the penal sum of the bond remains consistent with the
4778 amount required by this section. The principal shall file, [not later than
4779 September first of the applicable year, or on such other date] as the
4780 commissioner may require, [pursuant to subsection (g) of this section,]
4781 any bond rider or endorsement to the surety bond on file with the
4782 commissioner to reflect any changes necessary to maintain the surety
4783 bond coverage required by this section.

4784 (b) The form of any surety bond submitted pursuant to subsection
4785 (a) of this section shall be approved by the Attorney General. Any
4786 surety bond filed under subsection (a) of this section shall be
4787 conditioned upon the debt negotiation licensee and any sponsored
4788 mortgage loan originator licensee faithfully performing any and all
4789 written agreements or commitments with or for the benefit of debtors
4790 and mortgagors, as applicable, truly and faithfully accounting for all
4791 funds received from a debtor or mortgagor by the principal or a
4792 mortgage loan originator sponsored by the principal in the principal's
4793 capacity as debt negotiation licensee, and conducting such business
4794 consistent with the provisions of sections 36a-485 to [36a-498f] 36a-
4795 498e, inclusive, as amended by this act, 36a-534a, 36a-534b, as

4796 amended by this act, and 36a-671 to [36a-671e] 36a-671f, inclusive, as
4797 amended by this act. Any debtor or mortgagor who may be damaged
4798 by a failure to perform any written agreements, by the wrongful
4799 conversion of funds paid by a debtor or mortgagor to a debt
4800 negotiation licensee or mortgage loan originator licensee, or by
4801 conduct inconsistent with the provisions of sections 36a-485 to [36a-
4802 498f] 36a-498e, inclusive, as amended by this act, 36a-534a, 36a-534b, as
4803 amended by this act, and 36a-671 to [36a-671e] 36a-671f, inclusive, as
4804 amended by this act, may proceed on any such surety bond against the
4805 principal or surety thereon, or both, to recover damages. The
4806 commissioner may proceed on any such surety bond against the
4807 principal or surety thereon, or both, to collect any civil penalty
4808 imposed upon the licensee pursuant to subsection (a) of section 36a-50
4809 and any unpaid costs of examination of a licensee as determined
4810 pursuant to section 36a-65, as amended by this act, and effective April
4811 1, 2019, any restitution imposed pursuant to subsection (c) of section
4812 36a-50 and unpaid assessment as determined pursuant to section 36a-
4813 65, as amended by this act, as applicable. The proceeds of any bond,
4814 even if commingled with other assets of the principal, shall be deemed
4815 by operation of law to be held in trust for the benefit of such claimants
4816 against the principal in the event of bankruptcy of the principal and
4817 shall be immune from attachment by creditors and judgment creditors.
4818 Any bond required by this section shall be maintained during the
4819 entire period of the license granted to the applicant, and the aggregate
4820 liability under any such bond shall not exceed the penal amount of the
4821 bond. The principal shall notify the commissioner of the
4822 commencement of an action on the bond. When an action is
4823 commenced on a principal's bond, the commissioner may require the
4824 filing of a new bond and immediately on recovery on any action on the
4825 bond, the principal shall file a new bond. Any mortgagor or
4826 prospective mortgagor who may be damaged by a failure of the debt
4827 negotiation licensee or mortgage loan originator licensee to satisfy a
4828 judgment against the licensee arising from the negotiation of or offer to
4829 negotiate a nonprime home loan, as defined in section 36a-760, may

4830 proceed on such bond against the principal or surety on such bond, or
4831 both, to recover the amount of the judgment.

4832 (c) The surety shall have the right to cancel any bond written or
4833 issued under subsection (a) of this section at any time by a written
4834 notice to the debt negotiation licensee and the commissioner stating
4835 the date cancellation shall take effect. [Such notice] If such bond is
4836 issued electronically on the system, written notice of cancellation may
4837 be provided by the surety to the licensee and the commissioner
4838 through the system at least thirty days prior to the date of cancellation.
4839 Any notice of cancellation not provided through the system shall be
4840 sent by certified mail to the licensee and the commissioner at least
4841 thirty days prior to the date of cancellation. No such bond shall be
4842 cancelled unless the surety notifies the commissioner in writing not
4843 less than thirty days prior to the effective date of cancellation. After
4844 receipt of such notification from the surety, the commissioner shall
4845 give written notice to the debt negotiation licensee of the date such
4846 bond cancellation shall take effect. The commissioner shall
4847 automatically suspend the licenses of the debt negotiation licensee on
4848 such date and inactivate the license of any sponsored mortgage loan
4849 originator, unless prior to such date the debt negotiation licensee
4850 submits a letter of reinstatement of the bond from the surety or a new
4851 bond, surrenders all licenses or, in the case of a mortgage loan
4852 originator sponsored by a debt negotiation licensee, the sponsorship
4853 has been terminated and a new sponsor has been requested and
4854 approved. After a license has been automatically suspended, the
4855 commissioner shall give the debt negotiation licensee notice of the
4856 automatic suspension pending proceedings for revocation or refusal to
4857 renew and an opportunity for a hearing on such actions in accordance
4858 with section 36a-51, as amended by this act, and shall require the debt
4859 negotiation licensee to take or refrain from taking such action as, in the
4860 opinion of the commissioner, will effectuate the purposes of this
4861 section.

4862 (d) No licensee shall use, attempt to use or make reference to, either

4863 directly or indirectly, any word or phrase that states or implies that the
4864 licensee is endorsed, sponsored, recommended, bonded or insured by
4865 the state.

4866 (e) The penal sum of the bond required by subdivision (4) of
4867 subsection (a) of this section shall be determined as follows:

4868 (1) An initial applicant for a debt negotiation license shall file a bond
4869 in a penal sum of fifty thousand dollars.

4870 (2) A debt negotiation licensee exempt from licensure as a mortgage
4871 lender, mortgage correspondent lender or mortgage broker pursuant
4872 to subdivision (4) of subsection (a) of section 36a-487, as amended by
4873 this act, and sponsoring and bonding at least one mortgage loan
4874 originator as an exempt registrant under subdivision (2) of subsection
4875 (a) and subsection (d) of section 36a-487, as amended by this act, shall
4876 file a bond with a penal sum in the following amount:

4877 (A) If the aggregate dollar amount of all residential mortgage loans
4878 negotiated or offered to be negotiated by all sponsored mortgage loan
4879 originators during the preceding twelve-month period ending July
4880 thirty-first of the current year is less than thirty million dollars, the
4881 penal sum of the bond shall be fifty thousand dollars;

4882 (B) If the aggregate dollar amount of all residential mortgage loans
4883 negotiated or offered to be negotiated by all sponsored mortgage loan
4884 originators during the preceding twelve-month period ending July
4885 thirty-first of the current year is thirty million dollars or more but less
4886 than fifty million dollars, the penal sum of the bond shall be one
4887 hundred thousand dollars; and

4888 (C) If the aggregate dollar amount of all residential mortgage loans
4889 negotiated or offered to be negotiated by all sponsored mortgage loan
4890 originators during the preceding twelve-month period ending July
4891 thirty-first of the current year is fifty million dollars or more, the penal
4892 sum of the bond shall be one hundred fifty thousand dollars.

4893 (f) For purposes of subsection (e) of this section, "the aggregate
4894 dollar amount of all residential mortgage loans negotiated or offered to
4895 be negotiated" means the aggregate underlying dollar amount of all
4896 residential mortgage loans for which a sponsored mortgage loan
4897 originator provides debt negotiation services.

4898 (g) Financial information necessary to verify the aggregate amount
4899 of residential mortgage loans negotiated or offered to be negotiated
4900 shall be filed with the commissioner as the commissioner may require,
4901 and shall be reported on the system [, as defined in section 36a-485,] at
4902 such time and in such form as the system may require. The
4903 commissioner may require a change in the penal sum of the bond if the
4904 commissioner determines at any time that the aggregate dollar amount
4905 of all residential mortgage loans negotiated or offered to be negotiated
4906 warrants a change in the penal sum of the bond.

4907 (h) The commissioner may adopt regulations in accordance with
4908 chapter 54 with respect to the requirements for such surety bonds.

4909 Sec. 70. Subdivision (2) of section 36a-715 of the general statutes is
4910 repealed and the following is substituted in lieu thereof (*Effective*
4911 *October 1, 2018*):

4912 (2) The terms "advertise or advertising", "control person",
4913 "individual", "main office", "mortgage broker", "mortgage
4914 correspondent lender", "mortgage lender", "office", [and] "person" and
4915 "unique identifier" have the same meanings as provided in section 36a-
4916 485, as amended by this act.

4917 Sec. 71. Section 36a-718 of the general statutes is repealed and the
4918 following is substituted in lieu thereof (*Effective October 1, 2018*):

4919 (a) On and after January 1, 2015, no person shall act as a mortgage
4920 servicer, directly or indirectly, without first obtaining a required
4921 license under section 36a-719, as amended by this act, from the
4922 commissioner for its main office and for each branch office where such

4923 business is conducted, unless such person is exempt from licensure
4924 pursuant to subsection (b) of this section. No person shall conduct any
4925 activity that is subject to licensure pursuant to sections 36a-715 to 36a-
4926 719l, inclusive, as amended by this act, at any office located outside of
4927 the United States.

4928 (b) The following persons are exempt from mortgage servicer
4929 licensing requirements: (1) Any bank, out-of-state bank, Connecticut
4930 credit union, federal credit union or out-of-state credit union, provided
4931 such bank or credit union is federally insured; (2) any wholly-owned
4932 subsidiary of such bank or credit union; (3) any operating subsidiary
4933 where each owner of such operating subsidiary is wholly owned by
4934 the same such bank or credit union; (4) any person licensed as a
4935 mortgage lender in this state while acting as a mortgage servicer from
4936 a location licensed as a main office or branch office under sections 36a-
4937 485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a
4938 and 36a-534b, as amended by this act, provided (A) such person meets
4939 the supplemental mortgage servicer surety bond, fidelity bond and
4940 errors and omissions coverage requirements under section 36a-719c, as
4941 amended by this act, and (B) during any period that the license of the
4942 mortgage lender in this state has been suspended, such exemption
4943 shall not be effective; and (5) any person licensed as a mortgage
4944 correspondent lender in this state while acting as a mortgage servicer
4945 with respect to any residential mortgage loan it has made and during
4946 the permitted ninety-day holding period for such loan from a location
4947 licensed as a main office or branch office under sections 36a-485 to
4948 [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a and
4949 36a-534b, as amended by this act, provided during any period the
4950 license of the mortgage correspondent lender in this state has been
4951 suspended, such exemption shall not be effective.

4952 (c) The provisions of sections 36a-719e to 36a-719h, inclusive, as
4953 amended by this act, shall apply to any person, including a person
4954 exempt from licensure pursuant to subsection (b) of this section, who
4955 acts as a mortgage servicer in this state on or after January 1, 2015.

4956 Sec. 72. Section 36a-719 of the 2018 supplement to the general
4957 statutes is repealed and the following is substituted in lieu thereof
4958 (*Effective October 1, 2018*):

4959 (a) The [Banking Commissioner] commissioner shall issue a
4960 mortgage servicer license to an applicant for such license if the
4961 commissioner finds that: (1) The applicant has identified a qualified
4962 individual for its main office and a branch manager for each branch
4963 office where such business is conducted, provided such qualified
4964 individual and branch manager have supervisory authority over the
4965 mortgage servicer activities at the respective office location and at least
4966 three years' experience in the mortgage servicing business within the
4967 five years immediately preceding the date of the application for
4968 licensure; (2) notwithstanding the provisions of section 46a-80, the
4969 applicant, the control persons of the applicant, the qualified individual
4970 and any branch manager [with supervisory authority at the office for
4971 which the license is sought] have not been convicted of or pled guilty
4972 or nolo contendere to, in a domestic, foreign or military court, a felony
4973 during the seven-year period preceding the date of the application for
4974 licensing or a felony involving an act of fraud or dishonesty, a breach
4975 of trust or money laundering at any time preceding the date of
4976 application, provided any pardon or expungement of a conviction
4977 shall not be a conviction for purposes of this subdivision; (3) the
4978 applicant demonstrates that the financial responsibility, character and
4979 general fitness of the applicant, the control persons of the applicant,
4980 the qualified individual and any branch manager [having supervisory
4981 authority over the office for which the license is sought] command the
4982 confidence of the community and warrant a determination that the
4983 applicant will operate honestly, fairly and efficiently within the
4984 purposes of sections 36a-715 to 36a-719l, inclusive, as amended by this
4985 act; (4) the applicant has met the surety bond, fidelity bond and errors
4986 and omissions coverage requirement under section 36a-719c, as
4987 amended by this act; (5) the applicant, [has] the control persons of the
4988 applicant, the qualified individual and any branch manager have not

4989 made a material misstatement in the application; and (6) the applicant
4990 has met any other similar requirements as determined by the
4991 commissioner. If the commissioner fails to make such findings, the
4992 commissioner shall not issue a license, and shall notify the applicant of
4993 the denial and the reasons for such denial. The commissioner may
4994 waive the requirements of subdivision (1) of this subsection relating to
4995 the supervision and experience of (A) a qualified individual where the
4996 applicant establishes to the satisfaction of the commissioner that the
4997 applicant (i) will not conduct any activity subject to licensure under
4998 sections 36a-715 to 36a-719l, inclusive, as amended by this act, at the
4999 main office, and (ii) has designated a qualified individual who is
5000 responsible for the actions of the applicant; and (B) a qualified
5001 individual or a branch manager where the applicant establishes to the
5002 satisfaction of the commissioner that the applicant (i) holds only
5003 mortgage servicing rights at the main office or branch office and
5004 conducts no other activity at such office, and (ii) has designated a
5005 qualified individual or branch manager at such main office or branch
5006 office who is responsible for the actions of the application. No person
5007 licensed as a mortgage servicer and granted a waiver by the
5008 commissioner shall engage in any activity that would have precluded
5009 the issuance of such waiver without first designating a qualified
5010 individual or branch manager, as the case may be, who meets all
5011 applicable requirements of subdivision (1) of this subsection and is
5012 approved by the commissioner. For purposes of this subsection, the
5013 level of offense of the crime and the status of any conviction, pardon or
5014 expungement shall be determined by reference to the law of the
5015 jurisdiction where the case was prosecuted. In the event such
5016 jurisdiction does not use the term "felony", "pardon" or
5017 "expungement", such terms shall include legally equivalent events. For
5018 purposes of subdivision (1) of this subsection, "experience in the
5019 mortgage servicing business" means paid experience in the [(A)] (I)
5020 servicing of mortgage loans, [(B)] (II) accounting, receipt and
5021 processing of payments on behalf of mortgagees or creditors, or [(C)]
5022 (III) supervision of such activities, or any other relevant experience as

5023 determined by the commissioner, and "at the respective office location"
5024 may be established if the qualified individual or branch manager
5025 resides not more than one hundred miles from the location of the office
5026 or otherwise demonstrates to the satisfaction of the commissioner an
5027 ability to provide full-time, in-person supervision of the office.

5028 (b) An application for a license as a mortgage servicer or renewal of
5029 such license shall be [filed,] made and processed on the system
5030 pursuant to section 36a-24b in a form prescribed by the commissioner
5031 [with] on the system and accompanied by the fees required by section
5032 36a-719b. Each such form shall contain content as set forth by
5033 instruction or procedure of the commissioner and may be changed or
5034 updated as necessary by the commissioner in order to carry out the
5035 purpose of sections 36a-715 to [36a-718, inclusive, and sections 36a-
5036 719a to] 36a-719l, inclusive, as amended by this act. The applicant
5037 shall, at a minimum, furnish to the system information concerning the
5038 identity of the applicant, any control person of the applicant, the
5039 qualified individual and any branch manager, including personal
5040 history and experience in a form prescribed by the system and
5041 information related to any administrative, civil or criminal findings by
5042 any governmental jurisdiction. [The applicant shall notify the
5043 commissioner on the system of any change to the information
5044 submitted in connection with its most recent application for licensure
5045 not later than fifteen days after the applicant has reason to know of
5046 such change.] For the purpose of this subsection, evidence of
5047 experience of the qualified individual and any branch manager shall
5048 include: (1) A statement specifying the duties and responsibilities of
5049 such person's employment, the term of employment, including month
5050 and year, and the name, address and telephone number of a
5051 supervisor, employer or, if self-employed, a business reference; and (2)
5052 if required by the commissioner, copies of W-2 forms, 1099 tax forms
5053 or, if self-employed, 1120 corporate tax returns, signed letters from the
5054 employer on the employer's letterhead verifying such person's duties
5055 and responsibilities and term of employment including month and

5056 year, and, if such person is unable to provide such letters, other proof
5057 satisfactory to the commissioner that such person meets the experience
5058 requirement. [The commissioner may conduct a criminal history
5059 records check of the applicant, any control person of the applicant, the
5060 qualified individual and any branch manager with supervisory
5061 authority at the office for which the license is sought and require the
5062 applicant to submit the fingerprints of such persons as part of the
5063 application.] As part of an application, the commissioner may (A) in
5064 accordance with section 29-17a, conduct a state or national criminal
5065 history records check of the applicant, any control person of the
5066 applicant, the qualified individual and any branch manager, and (B) in
5067 accordance with section 36a-24b (i) require the submission of
5068 fingerprints of the applicant, any control person of the applicant, the
5069 qualified individual and any branch manager to the Federal Bureau of
5070 Investigation or other state, national or international criminal
5071 databases, and (ii) investigate the financial condition of any such
5072 person and require authorization from any such person for the system
5073 and the commissioner to obtain an independent credit report from a
5074 consumer reporting agency, as described in Section 603(p) of the Fair
5075 Credit Reporting Act, 15 USC 1681a, as amended from time to time.

5076 (c) (1) The minimum standards for license renewal for a mortgage
5077 servicer shall include the following: (A) The applicant continues to
5078 meet the minimum standards under subsection (a) of this section;
5079 [and] (B) the mortgage servicer has paid all required fees for renewal
5080 of the license; and (C) the applicant has paid any outstanding
5081 examination fees or other moneys due to the commissioner.

5082 (2) The license of a mortgage servicer failing to satisfy the minimum
5083 standards for license renewal shall expire. The commissioner may
5084 adopt procedures for the reinstatement of expired licenses consistent
5085 with the standards established by the system. The commissioner may
5086 automatically suspend a mortgage servicer license if the licensee
5087 receives a deficiency on the system indicating that the payment
5088 required by section 36a-719b was Returned-ACH or returned pursuant

5089 to such other term as may be utilized by the system to indicate that the
5090 payment was not accepted. After a license has been automatically
5091 suspended pursuant to this section, the commissioner shall (A) give
5092 such licensee notice of the automatic suspension, pending proceedings
5093 for revocation or refusal to renew pursuant to section 36a-719j, as
5094 amended by this act, and an opportunity for a hearing on such action
5095 in accordance with section 36a-51, as amended by this act, and (B)
5096 require such licensee to take or refrain from taking such action that, in
5097 the opinion of the commissioner, will effectuate the purposes of this
5098 section.

5099 [(d) (1) Withdrawal of an application for a license filed under this
5100 section shall become effective upon the commissioner's acceptance on
5101 the system of a withdrawal request. The commissioner may deny a
5102 license up to one year after the effective date of withdrawal.

5103 (2) If the license of a mortgage servicer expires due to the licensee's
5104 failure to renew, the commissioner may institute a revocation or
5105 suspension proceeding or issue an order suspending or revoking such
5106 license pursuant to subsection (a) of section 36a-719j not later than one
5107 year after the date of such expiration.]

5108 [(e)] (d) The commissioner may deem an application for a license
5109 under this section abandoned if the applicant fails to respond to any
5110 request for information required under sections 36a-715 to 36a-719l,
5111 inclusive, as amended by this act, or the regulations adopted pursuant
5112 to said sections. The commissioner shall notify the applicant on the
5113 system that if such information is not submitted not later than sixty
5114 days from the date of such request, the application shall be deemed
5115 abandoned. An application filing fee paid prior to the date an
5116 application is deemed abandoned pursuant to this subsection shall not
5117 be refunded. Abandonment of an application pursuant to this
5118 subsection shall not preclude the applicant from submitting a new
5119 application for a license.

5120 ~~[(f)]~~ (e) As part of its application and upon a change to such
5121 information, a mortgage servicer shall file with the commissioner a
5122 current schedule of the ranges of costs and fees it charges mortgagors
5123 for its servicing-related activities.

5124 (f) Any person making any filing or submission of any information
5125 on the system shall do so in accordance with the procedures and
5126 requirements of the system and shall pay the applicable fees or charges
5127 to the system. Each mortgage servicer licensee shall, to the extent
5128 required by the system, timely submit to the system accurate reports of
5129 condition that shall be in such form and shall contain such information
5130 as the system may require. Failure by a licensee to submit a timely and
5131 accurate report of condition shall constitute a violation of this
5132 provision. At least annually, a licensee shall file with the commissioner
5133 a report in a form and format acceptable to the commissioner detailing
5134 the mortgage servicer's activities in the state, including (1) the number
5135 of residential mortgage loans the mortgage servicer is servicing, (2) the
5136 type and characteristics of the residential mortgage loans in this state,
5137 (3) the number of serviced residential mortgage loans in default, along
5138 with a breakdown of thirty-day, sixty-day and ninety-day
5139 delinquencies, (4) information on loss mitigation activities, and (5)
5140 information on foreclosures commenced in this state.

5141 (g) The unique identifier of any person licensed under this section
5142 shall be clearly shown on all solicitations or advertisements, including
5143 business cards or web sites, and any other documents as established by
5144 rule, regulation or order of the commissioner, and shall be clearly
5145 stated in all audio solicitations or advertisements. The solicitations or
5146 advertisements of any person licensed under this section: (1) Shall not
5147 include any statement that such person is endorsed in any way by this
5148 state, except that such solicitations or advertisements may include a
5149 statement that such person is licensed in this state; (2) shall not include
5150 any statement or claim that is deceptive, false or misleading; (3) shall
5151 otherwise conform to the requirements of section 36a-715 to 36a-719l,
5152 inclusive, as amended by this act, any regulations issued thereunder

5153 and any other applicable law; and (4) shall be retained for two years
5154 from the date of use of such solicitation or advertisement.

5155 Sec. 73. Section 36a-719a of the general statutes is repealed and the
5156 following is substituted in lieu thereof (*Effective October 1, 2018*):

5157 (a) A mortgage servicer license shall not be transferable or
5158 assignable. [No licensee may use any name other than its legal name or
5159 a fictitious name approved by the Banking Commissioner, provided
5160 such licensee may not use its legal name if the commissioner
5161 disapproves use of such name.] Any change in any control person shall
5162 be the subject of an advance change notice filed on the system at least
5163 sixty days prior to the effective date of such change and any change
5164 shall not occur without the commissioner's approval. Any licensee
5165 who intends to permanently cease acting as a mortgage servicer at any
5166 time during a license period for any cause, including, but not limited
5167 to, bankruptcy or voluntary dissolution, shall file a request to
5168 surrender the license in accordance with subsection (c) of section 36a-
5169 51, as amended by this act, for each office at which the licensee intends
5170 to cease to do business, on the system, not later than fifteen days after
5171 the date of such cessation, provided this requirement shall not apply
5172 when a license has been suspended pursuant to section 36a-51, as
5173 amended by this act. No surrender shall be effective until accepted by
5174 the commissioner.

5175 (b) No licensee may use any name other than its legal name or a
5176 fictitious name approved by the commissioner, provided such licensee
5177 may not use its legal name if the commissioner disapproves use of
5178 such name. No licensee shall use any name or address other than the
5179 name and address stated on the license issued by the commissioner. A
5180 mortgage servicer licensee may change the name of the licensee or
5181 address of any office specified on the most recent filing with the
5182 system if (1) at least thirty calendar days prior to such change, the
5183 licensee files such change with the system and, in the case of a main
5184 office or branch office, provides [, directly to] the commissioner [, a

5185 bond rider or endorsement, or addendum, as applicable, to any bond
5186 or evidence of errors and omissions coverage on file with the
5187 commissioner that reflects the new name or address of the main office
5188 or branch office; and (2) the commissioner does not disapprove such
5189 change, in writing, or request further information within such thirty-
5190 day period.

5191 (c) [The] Except as otherwise specified in subsections (a) and (b) of
5192 this section, each mortgage servicer applicant or licensee, and each
5193 individual designated as a control person, qualified individual or
5194 branch manager of such applicant or licensee, shall file to the system
5195 any change in the information most recently submitted to the system
5196 by such applicant, licensee, control person, qualified individual or
5197 branch manager in connection with the application or license, or, if the
5198 information cannot be filed on the system, notify the commissioner of
5199 such change, in writing, not later than fifteen days from the date such
5200 applicant, licensee, control person, qualified individual or branch
5201 manager had reason to know of the change. A mortgage servicer
5202 licensee shall file with the system or, if the information cannot be filed
5203 on the system, directly notify the commissioner, in writing, not later
5204 than [five] fifteen business days after the licensee has reason to know
5205 of the occurrence of any of the following events:

5206 (1) Filing for bankruptcy, or the consummation of a corporate
5207 restructuring, of the licensee;

5208 (2) Filing of a criminal indictment against the licensee or receiving
5209 notification of the filing of any criminal felony indictment or felony
5210 conviction of any [of the licensee's officers, directors, members,
5211 partners or shareholders owning ten per cent or more of the
5212 outstanding stock] control person, qualified individual or branch
5213 manager of the licensee;

5214 (3) Receiving notification of the institution of license denial, cease
5215 and desist, suspension or revocation procedures, or other formal or

5216 informal regulatory action by any governmental agency against the
5217 licensee or any control person, qualified individual or branch manager
5218 of the licensee and the reasons for such action;

5219 (4) Receiving notification of the initiation of any action against the
5220 licensee or any control person, qualified individual or branch manager
5221 of the licensee by the Attorney General or the attorney general of any
5222 other state and the reasons for such action;

5223 (5) Suspension or termination of the licensee's status as an approved
5224 seller or servicer by the Federal National Mortgage Association,
5225 Federal Home Loan Mortgage Corporation or Government National
5226 Mortgage Association;

5227 (6) Receiving notification that certain servicing rights of the licensee
5228 will be rescinded or cancelled, and the reasons provided therefor;

5229 (7) Receiving notification of filing for bankruptcy of any [of the
5230 licensee's officers, directors, members, partners or shareholders
5231 owning ten per cent or more of the outstanding stock] control person,
5232 qualified individual or branch manager of the licensee; or

5233 (8) Receiving notification of the initiation of a class action lawsuit on
5234 behalf of consumers against the licensee that is related to the operation
5235 of the licensed business.

5236 (d) The commissioner may automatically suspend any license for a
5237 violation of subsection (a) or (b) of this section or upon a failure of the
5238 licensee to designate a qualified individual or branch manager who
5239 meets the requirements set forth in section 36a-719, as amended by this
5240 act, within thirty days of a vacancy in the position. After a license has
5241 been automatically suspended pursuant to this section, the
5242 commissioner shall (1) give such licensee notice of the automatic
5243 suspension, pending proceedings for revocation or refusal to renew
5244 pursuant to section 36a-719j, as amended by this act, and an
5245 opportunity for a hearing on such action in accordance with section

5246 36a-51, as amended by this act, and (2) require such licensee to take or
5247 refrain from taking such action that, in the opinion of the
5248 commissioner, will effectuate the purposes of this section.

5249 Sec. 74. Section 36a-719c of the general statutes is repealed and the
5250 following is substituted in lieu thereof (*Effective October 1, 2018*):

5251 (a) Each mortgage servicer applicant or licensee and any person
5252 exempt from mortgage servicer licensure pursuant to subdivision (4)
5253 of subsection (b) of section 36a-718, as amended by this act, shall file
5254 with the [Banking Commissioner] commissioner (1) a surety bond,
5255 written by a surety authorized to write such bonds in this state,
5256 covering its main office and any branch office from which it acts as
5257 mortgage servicer, in a penal sum of one hundred thousand dollars
5258 per office location in accordance with subsection (b) of this section, (2)
5259 a fidelity bond, written by a surety authorized to write such bonds in
5260 this state, in accordance with the requirements of subsection (c) of this
5261 section, and (3) evidence of errors and omissions coverage, written by
5262 a surety authorized to write such coverage in this state, in accordance
5263 with the requirements of subsection (c) of this section. No mortgage
5264 servicer licensee and no person otherwise exempt from mortgage
5265 servicer licensure pursuant to subdivision (4) of subsection (b) of
5266 section 36a-718, as amended by this act, shall act as a mortgage servicer
5267 in this state without maintaining the surety bond, fidelity bond and
5268 errors and omissions coverage required by this section.

5269 (b) The surety bond required by subsection (a) of this section shall
5270 be (1) in a form approved by the Attorney General; and (2) conditioned
5271 upon the mortgage servicer licensee or person exempt from mortgage
5272 servicer licensure pursuant to subdivision (4) of subsection (b) of
5273 section 36a-718, as amended by this act, faithfully performing any and
5274 all written agreements or commitments with or for the benefit of
5275 mortgagors and mortgagees, truly and faithfully accounting for all
5276 funds received from a mortgagor or mortgagee in such person's
5277 capacity as a mortgage servicer, and conducting such mortgage

5278 business consistent with the provisions of sections 36a-715 to 36a-719l,
5279 inclusive, as amended by this act. Any mortgagor that may be
5280 damaged by the failure of a mortgage servicer licensee or person
5281 exempt from mortgage servicer licensure pursuant to subdivision (4)
5282 of subsection (b) of section 36a-718, as amended by this act, to perform
5283 any written agreements or commitments, or by the wrongful
5284 conversion of funds paid by a mortgagor to such licensee or person,
5285 may proceed on such bond against the principal or surety thereon, or
5286 both, to recover damages. The commissioner may proceed on such
5287 bond against the principal or surety on such bond, or both, to collect
5288 any civil penalty imposed pursuant to subsection (a) of section 36a-50,
5289 any restitution imposed pursuant to subsection (c) of section 36a-50
5290 and any unpaid costs of examination of a licensee and, effective April
5291 1, 2019, any unpaid assessment as determined pursuant to section 36a-
5292 65, as amended by this act, as applicable. The proceeds of the bond,
5293 even if commingled with other assets of the principal, shall be deemed
5294 by operation of law to be held in trust for the benefit of such claimants
5295 against the principal in the event of bankruptcy of the principal and
5296 shall be immune from attachment by creditors and judgment creditors.
5297 The surety bond shall run concurrently with the period of the license
5298 for the main office of the mortgage servicer or mortgage lender and the
5299 aggregate liability under the bond shall not exceed the penal sum of
5300 the bond. The principal shall notify the commissioner of the
5301 commencement of an action on the bond. When an action is
5302 commenced on a principal's bond, the commissioner may require the
5303 filing of a new bond and immediately on recovery on any action on the
5304 bond, the principal shall file a new bond.

5305 (c) The fidelity bond and errors and omissions coverage required by
5306 subsection (a) of this section shall name the commissioner as an
5307 additional loss payee on drafts the surety issues to pay for covered
5308 losses directly or indirectly incurred by mortgagors of residential
5309 mortgage loans serviced by the mortgage servicer. The fidelity bond
5310 shall cover losses arising from dishonest and fraudulent acts,

5311 embezzlement, misplacement, forgery and similar events committed
5312 by employees of the mortgage servicer. The errors and omissions
5313 coverage shall cover losses arising from negligence, errors and
5314 omissions by the mortgage servicer with respect to the payment of real
5315 estate taxes and special assessments, hazard and flood insurance or the
5316 maintenance of mortgage and guaranty insurance. The fidelity bond
5317 and errors and omissions coverage shall each be in the following
5318 principal amounts based on the mortgage servicer's volume of
5319 servicing activity most recently reported to the commissioner:

5320 (1) If the amount of the residential mortgage loans serviced is one
5321 hundred million dollars or less, the principal amount shall be at least
5322 three hundred thousand dollars; or

5323 (2) If the amount of such loans exceeds one hundred million dollars,
5324 the principal amount shall be at least three hundred thousand dollars
5325 plus (A) three-twentieths of one per cent of the amount of residential
5326 mortgage loans serviced greater than one hundred million dollars but
5327 less than or equal to five hundred million dollars; (B) plus one-eighth
5328 of one per cent of the amount of residential mortgage loans serviced
5329 greater than five hundred million dollars but less than or equal to one
5330 billion dollars; and (C) plus one-tenth of one per cent of the amount of
5331 residential mortgage loans serviced greater than one billion dollars.

5332 The fidelity bond and errors and omissions coverage may provide for a
5333 deductible amount not to exceed the greater of one hundred thousand
5334 dollars or five per cent of the face amount of such bond or coverage.

5335 (d) A surety shall have the right to cancel the surety bond, fidelity
5336 bond and errors and omissions coverage required by this section at
5337 any time by a written notice to the principal and the commissioner
5338 stating the date cancellation shall take effect. [Such notice] If the surety
5339 bond required by this section was issued electronically on the system,
5340 written notice of cancellation may be provided by the surety company
5341 to the principal and the commissioner through the system at least

5342 thirty days prior to the date of cancellation. Any notice of cancellation
5343 not provided through the system shall be sent by certified mail to the
5344 principal and the commissioner at least thirty days prior to the date of
5345 cancellation. A surety bond, fidelity bond or errors and omissions
5346 coverage shall not be cancelled unless the surety notifies the
5347 commissioner, in writing, not less than thirty days prior to the effective
5348 date of cancellation. After receipt of such notification from the surety,
5349 the commissioner shall give written notice to the principal of the date
5350 such cancellation shall take effect. The commissioner shall
5351 automatically suspend the license of a mortgage servicer on such date
5352 or on any date when a fidelity bond or errors and omissions coverage
5353 expires or is no longer in effect. No automatic suspension or
5354 inactivation shall occur if, prior to the date that such bond or errors
5355 and omissions coverage cancellation or expiration shall take effect, (1)
5356 the principal submits a letter of reinstatement of the bond or errors and
5357 omissions coverage, or a new bond or errors and omissions policy; or
5358 (2) the mortgage servicer licensee has ceased business in this state and
5359 has surrendered all licenses in accordance with section 36a-51, as
5360 amended by this act, and section 36a-719a, as amended by this act.
5361 After a mortgage servicer license has been automatically suspended
5362 pursuant to this section, the commissioner shall give such licensee
5363 notice of the automatic suspension, pending proceedings for
5364 revocation or refusal to renew pursuant to section 36a-719j, as
5365 amended by this act, and an opportunity for a hearing on such action
5366 in accordance with section 36a-51, as amended by this act, and require
5367 such licensee to take or refrain from taking such action as in the
5368 opinion of the commissioner will effectuate the purposes of this
5369 section. A person licensed as a mortgage lender in this state acting as a
5370 mortgage servicer from a location licensed as a main office or branch
5371 office under sections 36a-485 to [36a-498f] 36a-498e, inclusive, as
5372 amended by this act, 36a-534a and 36a-534b, as amended by this act,
5373 shall cease to be exempt from mortgage servicer licensing
5374 requirements in this state upon cancellation of any surety bond,
5375 fidelity bond or errors and omissions coverage required by this section.

5376 (e) If the commissioner finds that the financial condition of a
5377 mortgage servicer or mortgage lender licensee so requires, as
5378 evidenced by the reduction of tangible net worth, financial losses or
5379 potential losses as a result of a violation of sections 36a-715 to 36a-
5380 719k, inclusive, as amended by this act, the commissioner may require
5381 one or more additional bonds meeting the standards set forth in this
5382 section. The licensee shall file any such additional bonds not later than
5383 ten days after receipt of the commissioner's written notice of such
5384 requirement. A mortgage servicer or mortgage lender licensee shall
5385 file, as the commissioner may require, any bond rider or endorsement
5386 or addendum, as applicable, to any bond or evidence of errors and
5387 omissions coverage on file with the commissioner to reflect any
5388 changes necessary to maintain the surety bond, fidelity bond and
5389 errors and omissions coverage required by this section.

5390 Sec. 75. Section 36a-719e of the general statutes is repealed and the
5391 following is substituted in lieu thereof (*Effective October 1, 2018*):

5392 Upon assignment of servicing rights on a residential mortgage loan,
5393 the mortgage servicer shall disclose to the mortgagor: (1) Any notice
5394 required by the Real Estate Settlement Procedures Act of 1974, 12 USC
5395 Section 2601 et seq., as from time to time amended, and the regulations
5396 promulgated thereunder, and within the time periods prescribed
5397 therein; and (2) a schedule of the ranges and categories of its costs and
5398 fees for its servicing-related activities, which shall comply with state
5399 and federal law and, if such disclosure is made by a mortgage servicer
5400 licensee, shall not exceed those reported to the [Banking
5401 Commissioner] commissioner in accordance with subsection [(f)] (e) of
5402 section 36a-719, as amended by this act.

5403 Sec. 76. Subdivision (19) of subsection (a) of section 36a-719h of the
5404 2018 supplement to the general statutes, as amended by section 28 of
5405 public act 17-233, is repealed and the following is substituted in lieu
5406 thereof (*Effective October 1, 2018*):

5407 (19) Collect, charge, attempt to collect or charge or use or propose
5408 any agreement purporting to collect or charge any fee prohibited by
5409 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
5410 act, 36a-534a and 36a-534b, as amended by this act.

5411 Sec. 77. Section 36a-719j of the general statutes is repealed and the
5412 following is substituted in lieu thereof (*Effective October 1, 2018*):

5413 (a) The [Banking Commissioner] commissioner may suspend,
5414 revoke or refuse to renew any mortgage servicer license or take any
5415 other action, in accordance with the provisions of section 36a-51, as
5416 amended by this act, for any reason which would be sufficient grounds
5417 for the commissioner to deny an application for such license under
5418 section 36a-719, as amended by this act, or if the commissioner finds
5419 that the licensee, any control person of the licensee, the qualified
5420 individual or any branch manager with supervisory authority, trustee,
5421 employee or agent of such licensee has done any of the following: (1)
5422 Made any material misstatement in the application; (2) committed any
5423 fraud or misrepresentation or misappropriated funds; (3) violated any
5424 of the provisions of this title or of any [regulations] regulation or order
5425 adopted or issued pursuant thereto, and pertaining to any such person,
5426 or any other law or regulation applicable to the conduct of [its] such
5427 licensee's mortgage servicer business; or (4) failed to perform any
5428 agreement with a mortgagee or a mortgagor.

5429 (b) Whenever it appears to the commissioner that (1) any person has
5430 violated, is violating or is about to violate section 49-8 or 49-10a, any of
5431 the provisions of this title or of any regulations adopted pursuant
5432 thereto, [or any] (2) any person is, was or would be a cause of the
5433 violation of any such provision or regulation due to an act or omission
5434 such person knew or should have known would contribute to such
5435 violation, or (3) any licensee has failed to perform any agreement with
5436 a mortgagee or mortgagor, committed any fraud, made any
5437 misrepresentation or misappropriated funds, the commissioner may
5438 take action against such person or licensee in accordance with sections

5439 36a-50 and 36a-52.

5440 (c) The commissioner may order a licensee to remove any individual
5441 conducting business under sections 36a-715 to 36a-719l, inclusive, as
5442 amended by this act, from office and from employment or retention as
5443 an independent contractor in the mortgage loan servicer business in
5444 this state in accordance with section 5 of this act.

5445 (d) The commissioner may issue a temporary order to cease
5446 business under a license if the commissioner determines that such
5447 license was issued erroneously. Such temporary order shall be issued
5448 in accordance with subsection (j) of section 36a-24b.

5449 Sec. 78. Section 36a-800 of the 2018 supplement to the general
5450 statutes is repealed and the following is substituted in lieu thereof
5451 (*Effective October 1, 2018*):

5452 As used in this section and sections 36a-801 to 36a-814, inclusive, as
5453 amended by this act, unless the context otherwise requires:

5454 (1) "Advertise" or "advertising" has the same meaning as provided
5455 in section 36a-485, as amended by this act;

5456 [(1)] (2) "Branch office" means a location other than the main office
5457 at which a licensee or any person on behalf of a licensee acts as a
5458 consumer collection agency;

5459 [(2)] (3) "Consumer collection agency" means any person (A)
5460 engaged as a third party in the business of collecting or receiving
5461 payment for others on any account, bill or other indebtedness from a
5462 consumer debtor, (B) engaged in the business of [collecting on any
5463 account, bill or other indebtedness from a consumer debtor for such
5464 person's own account if the indebtedness was acquired from another
5465 person and if the indebtedness was either delinquent or in default at
5466 the time it was acquired] debt buying, or (C) engaged in the business
5467 of collecting or receiving tax payments, including, but not limited to,

5468 property tax and federal income tax payments, from a property tax
5469 debtor or federal income tax debtor on behalf of a municipality or the
5470 United States Department of the Treasury, including, but not limited
5471 to, any person who, by any device, subterfuge or pretense, makes a
5472 pretended purchase or takes a pretended assignment of accounts from
5473 any other person, municipality or taxing authority of such
5474 indebtedness for the purpose of evading the provisions of this section
5475 and sections 36a-801 to 36a-812, inclusive, as amended by this act.
5476 "Consumer collection agency" includes persons who furnish collection
5477 systems carrying a name which simulates the name of a consumer
5478 collection agency and who supply forms or form letters to be used by
5479 the creditor, even though such forms direct the consumer debtor,
5480 property tax debtor or federal income tax debtor to make payments
5481 directly to the creditor rather than to such fictitious agency. "Consumer
5482 collection agency" further includes any person who, in attempting to
5483 collect or in collecting such person's own accounts or claims from a
5484 consumer debtor, uses a fictitious name or any name other than such
5485 person's own name which would indicate to the consumer debtor that
5486 a third person is collecting or attempting to collect such account or
5487 claim. "Consumer collection agency" does not include (i) an individual
5488 employed on the staff of a licensed consumer collection agency, or by a
5489 creditor who is exempt from licensing, when attempting to collect on
5490 behalf of such consumer collection agency, (ii) persons not primarily
5491 engaged in the collection of debts from consumer debtors who receive
5492 funds in escrow for subsequent distribution to others, including, but
5493 not limited to, real estate brokers and lenders holding funds of
5494 borrowers for payment of taxes or insurance, (iii) any public officer or
5495 a person acting under the order of any court, (iv) any member of the
5496 bar of this state, (v) a person who services loans or accounts for the
5497 owners thereof when the arrangement includes, in addition to
5498 requesting payment from delinquent consumer debtors, the providing
5499 of other services such as receipt of payment, accounting, record-
5500 keeping, data processing services and remitting, for loans or accounts
5501 which are current as well as those which are delinquent, (vi) a bank or

5502 out-of-state bank, as defined in section 36a-2, and (vii) a subsidiary or
5503 affiliate of a bank or out-of-state bank, provided such affiliate or
5504 subsidiary is not primarily engaged in the business of purchasing and
5505 collecting upon delinquent debt, other than delinquent debt secured by
5506 real property. Any person not included in the definition contained in
5507 this subdivision is, for purposes of sections 36a-645 to 36a-647,
5508 inclusive, a "creditor", as defined in section 36a-645;

5509 [(3)] (4) "Consumer debtor" means any natural person, not an
5510 organization, who has incurred indebtedness or owes a debt for
5511 personal, family or household purposes, including current or past due
5512 child support, who has incurred indebtedness or owes a debt to a
5513 municipality due to a levy by such municipality of a personal property
5514 tax or who has incurred indebtedness or owes a debt to the United
5515 States Department of the Treasury under the Internal Revenue Code of
5516 1986, or any subsequent corresponding internal revenue code of the
5517 United States, as amended from time to time;

5518 [(4)] (5) "Control person" has the same meaning as provided in
5519 section 36a-485, as amended by this act;

5520 [(5)] (6) "Creditor" means a person, including, but not limited to, a
5521 municipality or the United States Department of the Treasury, that
5522 retains, hires, or engages the services of a consumer collection agency;

5523 (7) "Debt buying" means collecting or receiving payment on any
5524 account, bill or other indebtedness from a consumer debtor for such
5525 person's own account if the indebtedness was acquired from another
5526 person and if the indebtedness was either delinquent or in default at
5527 the time it was acquired;

5528 [(6)] (8) "Federal income tax" means all federal taxes levied on the
5529 income of a natural person or organization by the United States
5530 Department of the Treasury under the Internal Revenue Code of 1986,
5531 or any subsequent corresponding internal revenue code of the United
5532 States, as amended from time to time;

5533 [(7)] (9) "Federal income tax debtor" means any natural person or
5534 organization who owes a debt to the United States Department of the
5535 Treasury;

5536 [(8)] (10) "Main office" means the main address designated on the
5537 [application] system;

5538 [(9)] (11) "Municipality" means any town, city or borough,
5539 consolidated town and city, consolidated town and borough, district as
5540 defined in section 7-324 or municipal special services district
5541 established under chapter 105a;

5542 [(10)] (12) "Organization" means a corporation, partnership,
5543 association, trust or any other legal entity or an individual operating
5544 under a trade name or a name having appended to it a commercial,
5545 occupational or professional designation;

5546 [(11)] (13) "Property tax" has the meaning given to the term in
5547 section 7-560; [and]

5548 [(12)] (14) "Property tax debtor" means any natural person or
5549 organization who has incurred indebtedness or owes a debt to a
5550 municipality due to a levy by such municipality of a property tax; and

5551 (15) "Unique identifier" has the same meaning as provided in
5552 section 36a-485, as amended by this act.

5553 Sec. 79. Section 36a-801 of the 2018 supplement to the general
5554 statutes is repealed and the following is substituted in lieu thereof
5555 (*Effective October 1, 2018*):

5556 (a) No person shall act within this state as a consumer collection
5557 agency, directly or indirectly, unless such person has first obtained a
5558 required consumer collection agency license for such person's main
5559 office and for each branch office where such person's business is
5560 conducted. A consumer collection agency is acting within this state if it
5561 (1) has its place of business located within this state; (2) has its place of

5562 business located outside this state and (A) collects from consumer
5563 debtors, property tax debtors or federal income tax debtors who reside
5564 within this state for creditors who are located within this state, or (B)
5565 collects from consumer debtors, property tax debtors or federal income
5566 tax debtors who reside within this state for such consumer collection
5567 agency's own account; (3) has its place of business located outside this
5568 state and regularly collects from consumer debtors, property tax
5569 debtors or federal income tax debtors who reside within this state for
5570 creditors who are located outside this state; or (4) has its place of
5571 business located outside this state and is engaged in the business of
5572 collecting child support for creditors located within this state from
5573 consumer debtors who are located outside this state. No person shall
5574 conduct any activity that is subject to licensure pursuant to sections
5575 36a-800 to 36a-814, inclusive, as amended by this act, at any office
5576 located outside of the United States.

5577 (b) [Any person desiring to act within this state as a consumer
5578 collection agency shall make a written application to the commissioner
5579 for such license in such form as the commissioner prescribes.] An
5580 application for a license as a consumer collection agency or for renewal
5581 of such license shall be made and processed on the system pursuant to
5582 section 36a-24b, in the form prescribed by the commissioner on the
5583 system. Each such form shall contain content as set forth by instruction
5584 or procedure of the commissioner and may be changed or updated as
5585 necessary by the commissioner in order to carry out the purposes of
5586 sections 36a-800 to 36a-814, inclusive, as amended by this act. The
5587 applicant shall, at a minimum, furnish to the system information
5588 concerning the identity of the applicant, any control person of the
5589 applicant, the qualified individual and any branch manager
5590 responsible for the actions of the licensee, including, but not limited to,
5591 information related to such person's personal history and experience,
5592 and any administrative, civil or criminal findings by any governmental
5593 jurisdiction. As part of the application, the commissioner may (1) in
5594 accordance with section 29-17a, conduct a state or national criminal

5595 history records check of the applicant, any control person of the
5596 applicant, the qualified individual or any branch manager, and (2) in
5597 accordance with section 36a-24b (A) require the submission of
5598 fingerprints of the applicant, any control person of the applicant, the
5599 qualified individual or any branch manager to the Federal Bureau of
5600 Investigation or other state, national or international criminal
5601 databases, and (B) investigate the financial condition of any such
5602 person and require authorization from any such person for the system
5603 and the commissioner to obtain an independent credit report from a
5604 consumer reporting agency, as described in Section 603(p) of the Fair
5605 Credit Reporting Act, 15 USC 1681a, as amended from time to time.
5606 Such application shall be accompanied by [(1)] a financial statement
5607 prepared by a certified public accountant [or a public accountant
5608 which evidences] and, for any applicant not solely engaged in the
5609 business of debt buying, such application shall evidence that the
5610 applicant has a minimum tangible net worth of fifty thousand dollars,
5611 [the accuracy of which is sworn to under oath before a notary public
5612 by the proprietor, a general partner or a corporate officer or a member
5613 duly authorized to execute such documents, (2) (A) the history of
5614 criminal convictions of the (i) applicant; (ii) partners, if the applicant is
5615 a partnership; (iii) members, if the applicant is a limited liability
5616 company or association; or (iv) officers, directors and principal
5617 employees, if the applicant is a corporation, and (B) sufficient
5618 information pertaining to the history of criminal convictions of such
5619 applicant, partners, members, officers, directors and principal
5620 employees as the commissioner deems necessary to make the findings
5621 under subsection (c) of this section, (3) a license fee of eight hundred
5622 dollars, or in the case of an initial application that is filed not earlier
5623 than one year before the date such license will expire, a license fee of
5624 four hundred dollars, and (4) an investigation fee of one hundred
5625 dollars.] The commissioner shall cause to be made such inquiry and
5626 examination as to the qualifications of each such applicant or any
5627 [partner, member, officer, director or principal employee] control
5628 person, qualified individual or branch manager of the applicant as the

5629 commissioner deems necessary. [The commissioner, in accordance
5630 with section 29-17a, may conduct a state and national criminal history
5631 records check of the applicant and of each partner, member, officer,
5632 director and principal employee of such applicant.] Each applicant
5633 shall furnish satisfactory evidence to the commissioner that the
5634 applicant is a person of good moral character and is financially
5635 responsible.

5636 (c) (1) Each applicant for a consumer collection agency license shall
5637 pay to the system any required fees or charges and a license fee of five
5638 hundred dollars. Each such license shall expire at the close of business
5639 on December thirty-first of the year in which the license was approved,
5640 unless such license is renewed, and provided any such license
5641 approved on or after November first shall expire at the close of
5642 business on December thirty-first of the year following the year in
5643 which it is approved. An application for renewal of a license shall be
5644 filed between November first and December thirty-first of the year in
5645 which the license expires. Each applicant for renewal of a consumer
5646 collection agency license shall pay to the system any required fees or
5647 charges and a renewal fee of four hundred dollars.

5648 (2) If the commissioner finds, upon the filing of an application for a
5649 consumer collection agency, that [(1)] (A) the financial responsibility,
5650 character, reputation, integrity and general fitness of the applicant,
5651 [and the partners of such applicant if the applicant is a partnership, of
5652 the members if the applicant is a limited liability company or
5653 association, and of the officers, directors and principal employees if the
5654 applicant is a corporation,] the control persons of the applicant, the
5655 qualified individual and any branch manager are such to warrant
5656 belief that the business will be operated soundly and efficiently, in the
5657 public interest and consistent with the purposes of sections 36a-800 to
5658 [36a-812] 36a-814, inclusive, as amended by this act, and [(2)] (B) the
5659 applicant is solvent and no proceeding in bankruptcy, receivership or
5660 assignment for the benefit of creditors has been commenced against
5661 the applicant, the commissioner may, upon such finding, issue the

5662 applicant a consumer collection agency license. If the commissioner
5663 fails to make such findings, the commissioner shall not issue a license
5664 and shall notify the applicant of the reasons for such denial. The
5665 commissioner may deny an application if the commissioner finds that
5666 the applicant or any [partner, member, officer, director or principal
5667 employee] control person, qualified individual or branch manager of
5668 such applicant has been convicted of any misdemeanor involving any
5669 aspect of the consumer collection agency business, or any felony. Any
5670 denial of an application by the commissioner shall, when applicable,
5671 be subject to the provisions of section 46a-80. [Any such license issued
5672 by the commissioner shall expire at the close of business on September
5673 thirtieth of the odd-numbered year following its issuance, unless such
5674 license is renewed. The commissioner may renew such application, in
5675 the commissioner's discretion, upon filing of a proper renewal
5676 application accompanied by a license fee of eight hundred dollars, and
5677 satisfactory proof that such applicant at that time possesses the
5678 required qualifications for the license. The commissioner may deny a
5679 renewal application if the commissioner finds that the applicant has
5680 been convicted of any misdemeanor involving any aspect of the
5681 consumer collection agency business, or any felony. Any denial of an
5682 application by the commissioner shall, when applicable, be subject to
5683 the provisions of section 46a-80. Such renewal application shall be filed
5684 with the commissioner on or before September first of the year in
5685 which the license expires. Any renewal application filed with the
5686 commissioner after September first shall be accompanied by a one-
5687 hundred-dollar late fee and any such filing shall be deemed to be
5688 timely and sufficient for purposes of subsection (b) of section 4-182.
5689 Whenever an application for a license, other than a renewal
5690 application, is filed under sections 36a-800 to 36a-812, inclusive, by any
5691 person who was a licensee under said sections 36a-800 to 36a-812,
5692 inclusive, and whose license expired less than sixty days prior to the
5693 date such application was filed, such application shall be accompanied
5694 by a one-hundred-dollar processing fee in addition to the application
5695 fee.]

5696 (3) The minimum standards for renewal of a consumer collection
5697 agency license shall include the following: (A) The applicant continues
5698 to meet the minimum standards under this section; (B) the applicant
5699 has paid all required fees for renewal of the license; and (C) the
5700 applicant has paid all outstanding examination fees or other moneys
5701 due to the commissioner. The license of a consumer collection agency
5702 licensee failing to satisfy the minimum standards for license renewal
5703 shall expire. The commissioner may adopt procedures for the
5704 reinstatement of expired licenses consistent with the standards
5705 established by the system. Every license shall remain in force and
5706 effect until the license has been surrendered, revoked or suspended or
5707 has expired in accordance with the provisions of sections 36a-800 to
5708 36a-814, inclusive, as amended by this act.

5709 (d) To further the enforcement of this section and to determine the
5710 eligibility of any person holding a license, the commissioner may, as
5711 often as the commissioner deems necessary, examine the licensee's
5712 books and records, and may, at any time, require the licensee to submit
5713 such a financial statement for the examination of the commissioner, so
5714 that the commissioner may determine whether the licensee is
5715 financially responsible to carry on a consumer collection agency
5716 business within the intents and purposes of sections 36a-800 to [36a-
5717 812] 36a-814, inclusive, as amended by this act. Any financial
5718 statement submitted by a licensee shall be confidential and shall not be
5719 a public record unless introduced in evidence at a hearing conducted
5720 by the commissioner.

5721 [(e) The applicant or licensee shall notify the commissioner, in
5722 writing, of any change in the information provided in its initial
5723 application for a license or most recent renewal application for such
5724 license, as applicable, not later than ten business days after the
5725 occurrence of the event that results in such information becoming
5726 inaccurate.]

5727 [(f)] (e) The commissioner may deem an application for a license to

5728 act as a consumer collection agency abandoned if the applicant fails to
5729 respond to any request for information required under sections 36a-
5730 801 to [36a-812] 36a-814, inclusive, as amended by this act, or any
5731 regulations adopted pursuant to said sections 36a-801 to [36a-812] 36a-
5732 814, inclusive, as amended by this act. The commissioner shall notify
5733 the applicant [, in writing,] on the system that if the applicant fails to
5734 submit such information not later than sixty days after the date on
5735 which such request for information was made, the application shall be
5736 deemed abandoned. An application filing fee paid prior to the date an
5737 application is deemed abandoned pursuant to this subsection shall not
5738 be refunded. Abandonment of an application pursuant to this
5739 subsection shall not preclude the applicant from submitting a new
5740 application for a license under sections 36a-801 to [36a-812] 36a-814,
5741 inclusive, as amended by this act.

5742 (f) (1) Not later than thirty days before a licensee ceases to engage in
5743 the business of a consumer collection agency for any reason, including,
5744 but not limited to, a business decision to terminate operations in this
5745 state, bankruptcy or voluntary dissolution, such licensee shall request
5746 surrender of the license on the system in accordance with subsection
5747 (c) of section 36a-51, as amended by this act, for each location in which
5748 such licensee has ceased to engage in such business.

5749 (2) Except as otherwise specified in subsection (i) of this section,
5750 each consumer collection agency applicant or licensee, and each
5751 individual designated as a control person, qualified individual or
5752 branch manager of such applicant or licensee, shall file to the system
5753 any change in the information such applicant, licensee, control person,
5754 qualified individual or branch manager most recently submitted to the
5755 system in connection with the application or license, or, if the
5756 information cannot be filed on the system, notify the commissioner of
5757 such change, in writing, within fifteen days from the date the
5758 applicant, licensee, control person, qualified individual or branch
5759 manager had reason to know of the change.

5760 (3) A consumer collection licensee shall file on the system or, if the
5761 information cannot be filed on the system, notify the commissioner, in
5762 writing, of the occurrence of any of the following developments within
5763 fifteen days of the date the licensee had reason to know of the
5764 occurrence of any of the following developments:

5765 (A) Filing for bankruptcy or the consummation of a corporate
5766 restructuring of the licensee;

5767 (B) Filing of a criminal indictment against the licensee in any way
5768 related to the consumer collection activities of the licensee, or receiving
5769 notification of the filing of any criminal felony indictment or felony
5770 conviction of any control person, branch manager or qualified
5771 individual of the licensee;

5772 (C) Receiving notification of the institution of license denial, cease
5773 and desist, suspension or revocation procedures, or other formal or
5774 informal action by any governmental agency against the licensee or
5775 any control person, branch manager or qualified individual of the
5776 licensee and the reasons therefor;

5777 (D) Receiving notification of the initiation of any action against the
5778 licensee or any control person, branch manager or qualified individual
5779 of the licensee by the Attorney General or the attorney general of any
5780 other state and the reasons therefor; or

5781 (E) Receiving notification of filing for bankruptcy of any control
5782 person, branch manager or qualified individual of the licensee.

5783 (g) [If the commissioner determines that a check filed with the
5784 commissioner to pay a fee under subsection (b) of this section has been
5785 dishonored, the commissioner shall automatically suspend the license
5786 or a renewal license that has been issued but is not yet effective. The
5787 commissioner shall give the licensee notice of the automatic
5788 suspension pending proceedings for revocation or refusal to renew
5789 and an opportunity for a hearing on such actions in accordance with

5790 section 36a-51.] The commissioner may automatically suspend a
5791 license if the licensee receives a deficiency on the system indicating
5792 that a required payment was Returned-ACH or returned pursuant to
5793 such other term as may be utilized by the system to indicate that the
5794 payment was not accepted. After a license has been automatically
5795 suspended pursuant to this section, the commissioner shall (1) give
5796 such licensee notice of the automatic suspension, pending proceedings
5797 for revocation or refusal to renew pursuant to section 36a-804, as
5798 amended by this act, and an opportunity for a hearing on such action
5799 in accordance with section 36a-51, as amended by this act, and (2)
5800 require such licensee to take or refrain from taking such action that, in
5801 the opinion of the commissioner, will effectuate the purposes of this
5802 section.

5803 (h) No abatement of the license fee shall be made if the application
5804 is denied or withdrawn prior to issuance of the license or if the license
5805 is surrendered, revoked or suspended prior to the expiration of the
5806 period for which it was issued. All fees required by this section shall be
5807 nonrefundable.

5808 (i) No person licensed to act within this state as a consumer
5809 collection agency shall do so under any other name or at any other
5810 place of business than that named in the license. [Any change of
5811 location of a place of business of a licensee shall require prior written
5812 notice to the commissioner.] No licensee may use any name other than
5813 its legal name or a fictitious name approved by the commissioner,
5814 provided such licensee may not use its legal name if the commissioner
5815 disapproves use of such name. A licensee may change the name of the
5816 licensee or address of the office specified on the most recent filing with
5817 the system if, at least thirty calendar days prior to such change, (1) the
5818 licensee files such change with the system and provides a bond rider,
5819 endorsement or addendum, as applicable, to the surety bond on file
5820 with the commissioner that reflects the new name or address, and (2)
5821 the commissioner does not disapprove such change, in writing, or
5822 request further information from the licensee within such thirty-day

5823 period. Not more than one place of business shall be maintained under
5824 the same license but the commissioner may issue more than one
5825 license to the same licensee upon compliance with the provisions of
5826 sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act,
5827 as to each new licensee. A license shall not be transferable or
5828 assignable. Any change in any control person shall be the subject of an
5829 advance change notice filed on the system at least sixty days prior to
5830 the effective date of such change and any change shall not occur
5831 without the commissioner's approval. Any licensee holding, applying
5832 for, or seeking renewal of more than one license may, at its option, file
5833 the bond required under section 36a-802, as amended by this act,
5834 separately for each place of business licensed, or to be licensed, or a
5835 single bond, naming each place of business, in an amount equal to
5836 twenty-five thousand dollars for each place of business. The
5837 commissioner may automatically suspend a license for any violation of
5838 this subsection. After a license has been automatically suspended
5839 pursuant to this section, the commissioner shall (A) give such licensee
5840 notice of the automatic suspension, pending proceedings for
5841 revocation or refusal to renew pursuant to section 36a-804, as amended
5842 by this act, and an opportunity for a hearing on such action in
5843 accordance with section 36a-51, as amended by this act, and (B) require
5844 such licensee to take or refrain from taking such action that, in the
5845 opinion of the commissioner, will effectuate the purposes of this
5846 section.

5847 (j) Any person making any filing or submission of any information
5848 on the system shall do so in accordance with the procedures and
5849 requirements of the system and pay the applicable fees or charges to
5850 the system. Each consumer collection agency licensee shall, to the
5851 extent required by the system, timely submit to the system accurate
5852 reports of condition that shall be in such form and shall contain such
5853 information as the system may require. Failure by a licensee to submit
5854 a timely and accurate report of condition shall constitute a violation of
5855 this provision.

5856 (k) The unique identifier of any person licensed under section 36a-
5857 801, as amended by this act, shall be clearly shown on all solicitations
5858 or advertisements, including business cards or web sites, and any
5859 other documents as established by rule, regulation or order of the
5860 commissioner, and shall be clearly stated in all audio solicitations or
5861 advertisements. The solicitations or advertisements of any person
5862 licensed under section 36a-801, as amended by this act: (1) Shall not
5863 include any statement that such person is endorsed in any way by this
5864 state, except that such solicitations or advertisements may include a
5865 statement that such person is licensed in this state; (2) shall not include
5866 any statement or claim that is deceptive, false or misleading; (3) shall
5867 otherwise conform to the requirements of sections 36a-801 to 36a-814,
5868 inclusive, as amended by this act, any regulations issued thereunder
5869 and any other applicable law; and (4) shall be retained for two years
5870 from the date of use of such solicitation or advertisement.

5871 Sec. 80. Section 36a-802 of the general statutes is repealed and the
5872 following is substituted in lieu thereof (*Effective October 1, 2018*):

5873 (a) No such license and no renewal thereof shall be granted to a
5874 [third party] consumer collection agency, except a consumer collection
5875 agency engaged solely in the business of debt buying, unless the
5876 applicant has filed with the commissioner a bond to the people of the
5877 state in the penal sum of twenty-five thousand dollars, approved by
5878 the Attorney General as to form and by the commissioner as to
5879 sufficiency of the security thereof. Such bond shall be conditioned that
5880 such licensee shall well, truly and faithfully account for all funds
5881 entrusted to the licensee and collected and received by the licensee in
5882 the licensee's capacity as a consumer collection agency. Any person
5883 who may be damaged by the wrongful conversion of any creditor,
5884 consumer debtor, property tax debtor or federal income tax debtor
5885 funds received by such consumer collection agency may proceed on
5886 such bond against the principal or surety thereon, or both, to recover
5887 damages. The commissioner may proceed on such bond against the
5888 principal or surety thereon, or both, to collect any civil penalty

5889 imposed upon the licensee pursuant to subsection (a) of section 36a-50
5890 and, effective April 1, 2019, any restitution imposed pursuant to
5891 subsection (c) of section 36a-65, as amended by this act, as applicable.
5892 The proceeds of the bond, even if commingled with other assets of the
5893 licensee, shall be deemed by operation of law to be held in trust for the
5894 benefit of such claimants against the licensee in the event of
5895 bankruptcy of the licensee and shall be immune from attachment by
5896 creditors and judgment creditors. The bond shall run concurrently
5897 with the period of the license granted to the applicant, and the
5898 aggregate liability under the bond shall not exceed the penal sum of
5899 the bond.

5900 (b) The surety company shall have the right to cancel the bond at
5901 any time by a written notice to the licensee and the commissioner
5902 stating the date cancellation shall take effect. [Such notice shall be sent
5903 by certified mail to the licensee] If the bond is issued electronically on
5904 the system, written notice of cancellation may be provided by the
5905 surety company to the licensee and the commissioner through the
5906 system at least thirty days prior to the date of cancellation. Any notice
5907 of cancellation not provided through the system shall be sent by
5908 certified mail to the licensee and the commissioner at least thirty days
5909 prior to the date of cancellation. A surety bond shall not be cancelled
5910 unless the surety company notifies the commissioner in writing not
5911 less than thirty days prior to the effective date of cancellation. After
5912 receipt of such notification from the surety company, the
5913 commissioner shall give written notice to the licensee of the date such
5914 bond cancellation shall take effect. The commissioner shall
5915 automatically suspend the license on such date, unless the licensee
5916 prior to such date submits a letter of reinstatement of the bond from
5917 the surety company or a new bond or the licensee has ceased business
5918 and has surrendered its license. After a license has been automatically
5919 suspended, the commissioner shall give the licensee notice of the
5920 automatic suspension pending proceedings for revocation or refusal to
5921 renew and an opportunity for a hearing on such actions in accordance

5922 with section 36a-51, as amended by this act, and require the licensee to
5923 take or refrain from taking such action as in the opinion of the
5924 commissioner will effectuate the purposes of this section.

5925 Sec. 81. Section 36a-804 of the general statutes is repealed and the
5926 following is substituted in lieu thereof (*Effective October 1, 2018*):

5927 (a) The commissioner may suspend, revoke or refuse to renew any
5928 license or take any other action, in accordance with the provisions of
5929 section 36a-51, as amended by this act, for any reason which would be
5930 sufficient grounds for the commissioner to deny an application for a
5931 license under sections 36a-800 to [36a-812] 36a-814, inclusive, as
5932 amended by this act, or if the commissioner finds that the licensee or
5933 any [proprietor, director, officer, member, partner, shareholder]
5934 control person, qualified individual, branch manager, trustee,
5935 employee or agent of such licensee has done any of the following: (1)
5936 Made any material misstatement in the application or in any filing
5937 made in connection with the license; (2) committed any fraud or
5938 misrepresentation or misappropriated funds; or (3) violated any of the
5939 provisions of [sections 36a-800 to 36a-812, inclusive,] this title or of any
5940 [regulations] regulation or order adopted or issued pursuant thereto,
5941 and pertaining to any such person, or any other law or regulation
5942 applicable to the conduct of [its] such licensee's consumer collection
5943 agency business.

5944 (b) Whenever it appears to the commissioner that (1) any person has
5945 violated, is violating or is about to violate any of the provisions of
5946 sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act,
5947 or any regulation adopted pursuant thereto, or (2) any person is, was
5948 or would be a cause of the violation of any such provision or
5949 regulation due to an act or omission such person knew or should have
5950 known would contribute to such violation, or (3) the licensee or any
5951 [proprietor, director, officer, member, partner, shareholder] control
5952 person, qualified individual, branch manager, trustee, employee or
5953 agent of such licensee has committed any fraud, made any

5954 misrepresentation or misappropriated funds, the commissioner may
5955 take action against such person or licensee in accordance with sections
5956 36a-50 and 36a-52.

5957 (c) The commissioner may order a licensee to remove any individual
5958 conducting business under sections 36a-800 to 36a-814, inclusive, as
5959 amended by this act, from office and from employment or retention as
5960 an independent contractor in the sales finance business in this state in
5961 accordance with section 5 of this act.

5962 (d) The commissioner may issue a temporary order to cease
5963 business under a license if the commissioner determines that such
5964 license was issued erroneously. Such temporary order shall be issued
5965 in accordance with subsection (j) of section 36a-24b.

5966 Sec. 82. Subsection (a) of section 36a-805 of the 2018 supplement to
5967 the general statutes is repealed and the following is substituted in lieu
5968 thereof (*Effective October 1, 2018*):

5969 (a) No consumer collection agency or control person shall: (1)
5970 Furnish legal advice or perform legal services or represent that it is
5971 competent to do so, or institute judicial proceedings on behalf of
5972 others; (2) communicate with consumer debtors, property tax debtors
5973 or federal income tax debtors in the name of an attorney or upon the
5974 stationery of an attorney, or prepare any forms or instruments which
5975 only attorneys are authorized to prepare; (3) receive assignments as a
5976 third party of claims for the purpose of collection or institute suit
5977 thereon in any court; (4) assume authority on behalf of a creditor to
5978 employ or terminate the services of an attorney unless such creditor
5979 has authorized such agency in writing to act as such creditor's agent in
5980 the selection of an attorney to collect the creditor's accounts; (5)
5981 demand or obtain in any manner a share of the proper compensation
5982 for services performed by an attorney in collecting a claim, whether or
5983 not such agency has previously attempted collection thereof; (6) solicit
5984 claims for collection under an ambiguous or deceptive contract; (7)

5985 refuse to return any claim or claims upon written request of the
5986 creditor, claimant or forwarder, which claims are not in the process of
5987 collection after the tender of such amounts, if any, as may be due and
5988 owing to the agency; (8) advertise or threaten to advertise for sale any
5989 claim as a means of forcing payment thereof, unless such agency is
5990 acting as the assignee for the benefit of creditors; (9) refuse or fail to
5991 account for and remit to its clients all money collected which is not in
5992 dispute within sixty days from the last day of the month in which said
5993 money is collected; (10) refuse or intentionally fail to return to the
5994 creditor all valuable papers deposited with a claim when such claim is
5995 returned; (11) refuse or fail to furnish at intervals of not less than
5996 ninety days, upon the written request of the creditor, claimant or
5997 forwarder, a written report upon claims received from such creditor,
5998 claimant or forwarder; (12) add any post-charge-off charge or fee for
5999 cost of collection, unless such cost is a court cost, to the amount of any
6000 claim which it receives for collection or knowingly accept for collection
6001 any claim to which any such charge or fee has already been added to
6002 the amount of the claim unless (A) the consumer debtor is legally liable
6003 for such charge or fee as determined by the contract or other evidence
6004 of an agreement between the consumer debtor and creditor, a copy of
6005 which shall be obtained by or available to the consumer collection
6006 agency from the creditor and maintained as part of the records of the
6007 consumer collection agency or the creditor, or both, and (B) the total
6008 charge or fee for cost of collection does not exceed fifteen per cent of
6009 the total amount actually collected and accepted as payment in full
6010 satisfaction of the debt; (13) use or attempt to use or make reference to
6011 the term "bonded by the state of Connecticut", "bonded" or "bonded
6012 collection agency" or any combination of such terms or words, except
6013 the word "bonded" may be used on the stationery of any such agency
6014 in type not larger than twelve-point; (14) when the debt is beyond the
6015 statute of limitations, fail to provide the following disclosure in type
6016 not less than ten-point informing the consumer debtor in its initial
6017 communication with such consumer debtor that (A) when collecting
6018 on debt that is not past the date for obsolescence provided for in

6019 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law
6020 limits how long you can be sued on a debt. Because of the age of your
6021 debt, (INSERT OWNER NAME) will not sue you for it. If you do not
6022 pay the debt, (INSERT OWNER NAME) may report or continue to
6023 report it to the credit reporting agencies as unpaid"; and (B) when
6024 collecting on debt that is past the date for obsolescence provided for in
6025 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law
6026 limits how long you can be sued on a debt. Because of the age of your
6027 debt, (INSERT OWNER NAME) will not sue you for it and (INSERT
6028 OWNER NAME) will not report it to any credit reporting agencies.";
6029 (15) engage in any activities prohibited by sections 36a-800 to [36a-812]
6030 36a-814, inclusive, as amended by this act; or (16) fail to establish,
6031 enforce and maintain policies and procedures for supervising
6032 employees, agents and office operations that are reasonably designed
6033 to achieve compliance with applicable consumer collection laws and
6034 regulations.

6035 Sec. 83. Subsection (b) of section 36a-811 of the general statutes is
6036 repealed and the following is substituted in lieu thereof (*Effective*
6037 *October 1, 2018*):

6038 (b) Each [third party] consumer collection agency, except a
6039 consumer collection agency engaged solely in the business of debt
6040 buying, shall deposit funds collected or received from consumer
6041 debtors for payment for others on an account, bill or other
6042 indebtedness in one or more trust accounts maintained at a federally
6043 insured bank, Connecticut credit union, federal credit union or an out-
6044 of-state bank that maintains in this state a branch as defined in section
6045 36a-410, which accounts shall be reconciled monthly. Such funds shall
6046 not be commingled with funds of the consumer collection agency or
6047 used in the conduct of the consumer collection agency's business. Such
6048 account shall not be used for any purpose other than (1) the deposit of
6049 funds received from consumer debtors, (2) the payment of such funds
6050 to creditors, (3) the refund of any overpayments to be made to
6051 consumer debtors, and (4) the payment of earned fees to the consumer

6052 collection agency, which shall be withdrawn on a monthly basis.
6053 Except for payments authorized by subdivisions (2) to (4), inclusive, of
6054 this subsection, any withdrawal from such account, including, but not
6055 limited to, any service charge or other fee imposed against such
6056 account by a depository institution, shall be reimbursed by the
6057 consumer collection agency to such account not more than thirty days
6058 after the withdrawal. Funds received from consumer debtors shall be
6059 posted to their respective accounts in accordance with generally
6060 accepted accounting principles.

6061 Sec. 84. Section 36a-846 of the 2018 supplement to the general
6062 statutes is repealed and the following is substituted in lieu thereof
6063 (*Effective October 1, 2018*):

6064 As used in this section and sections 36a-847 to 36a-854, as amended
6065 by this act:

6066 (1) "Advertise" or "advertising" has the same meaning as provided
6067 in section 36a-485, as amended by this act;

6068 (2) "Branch office" means a location other than the main office at
6069 which a licensee or any person on behalf of a licensee acts as a student
6070 loan servicer;

6071 [(2)] (3) "Control person" has the same meaning as provided in
6072 section 36a-485, as amended by this act;

6073 (4) "Main office" has the same meaning as provided in section 36a-
6074 485, as amended by this act;

6075 [(3)] (5) "Student loan borrower" means [(A) any resident of] any
6076 individual who resides within this state who has [received or] agreed
6077 to [pay a student education loan; or (B) any person who shares
6078 responsibility with such resident for repaying the] repay a student
6079 education loan;

6080 [(4)] (6) "Student loan servicer" means any person, wherever located,

6081 responsible for the servicing of any student education loan to any
6082 student loan borrower;

6083 ~~[(5)]~~ (7) "Servicing" means (A) receiving any scheduled periodic
6084 payments from a student loan borrower pursuant to the terms of a
6085 student education loan; (B) applying the payments of principal and
6086 interest and such other payments with respect to the amounts received
6087 from a student loan borrower, as may be required pursuant to the
6088 terms of a student education loan; or (C) performing other
6089 administrative services with respect to a student education loan;

6090 ~~[(6)]~~ (8) "Student education loan" means any loan primarily for
6091 personal use to finance education or other school-related expenses;

6092 (9) "Unique identifier" has the same meaning as provided in section
6093 36a-485, as amended by this act.

6094 Sec. 85. Section 36a-847 of the general statutes is repealed and the
6095 following is substituted in lieu thereof (*Effective October 1, 2018*):

6096 (a) (1) No person shall act as a student loan servicer, directly or
6097 indirectly, without first obtaining a required license for its main office
6098 and for each branch office where such business is conducted from the
6099 [Banking Commissioner] commissioner under subsection (b) of this
6100 section, unless such person is exempt from licensure pursuant to
6101 subdivision (2) of this subsection. No person shall conduct any activity
6102 subject to licensure pursuant to sections 36a-846 to 36a-854, inclusive,
6103 as amended by this act, at any office located outside of the United
6104 States.

6105 (2) The following persons are exempt from student loan servicer
6106 licensing requirements: (A) Any bank, out-of-state bank, Connecticut
6107 credit union, federal credit union or out-of-state credit union; (B) any
6108 wholly owned subsidiary of any such bank or credit union; and (C)
6109 any operating subsidiary where each owner of such operating
6110 subsidiary is wholly owned by the same bank or credit union.

6111 (b) [Any person seeking to act within this state as a student loan
6112 servicer shall make a written application to the commissioner for an
6113 initial license in such form as the commissioner prescribes.] (1) An
6114 application for a license as a student loan servicer or for renewal of
6115 such license shall be made and processed on the system pursuant to
6116 section 36a-24b, in the form prescribed by the commissioner on the
6117 system. Each such form shall contain content as set forth by instruction
6118 or procedure of the commissioner and may be changed or updated as
6119 necessary by the commissioner in order to carry out the purposes of
6120 sections 36a-846 to 36a-854, inclusive, as amended by this act. The
6121 applicant shall, at a minimum, furnish to the system information
6122 concerning the identity of the applicant, any control person of the
6123 applicant, the qualified individual and any branch manager
6124 responsible for the actions of the licensee, including, but not limited to,
6125 information related to such person's personal history and experience,
6126 and any administrative, civil or criminal findings by any governmental
6127 jurisdiction. As part of the application the commissioner may (A) in
6128 accordance with section 29-17a, conduct a state or national criminal
6129 history records check of the applicant, any control person of the
6130 applicant, the qualified individual or any branch manager, and (B) in
6131 accordance with section 36a-24b, (i) require the submission of
6132 fingerprints of the applicant, any control person of the applicant, the
6133 qualified individual or any branch manager to the Federal Bureau of
6134 Investigation or other state, national or international criminal
6135 databases, and (ii) investigate the financial condition of any such
6136 person and require authorization from any such person for the system
6137 and the commissioner to obtain an independent credit report from a
6138 consumer reporting agency, as described in Section 603(p) of the Fair
6139 Credit Reporting Act, 15 USC 1681a, as amended from time to time.
6140 Such application shall be accompanied by [(1)] a financial statement
6141 prepared by a certified public accountant, [or a public accountant, the
6142 accuracy of which is sworn to under oath before a notary public by the
6143 proprietor, a general partner or a corporate officer or a member duly
6144 authorized to execute such documents, (2) (A) the history of criminal

6145 convictions of the (i) applicant; (ii) partners, if the applicant is a
6146 partnership; (iii) members, if the applicant is a limited liability
6147 company or association; or (iv) officers, directors and principal
6148 employees, if the applicant is a corporation, and (B) sufficient
6149 information pertaining to the history of criminal convictions of such
6150 applicant, partners, members, officers, directors or principal
6151 employees as the commissioner deems necessary to make the findings
6152 under subsection (c) of this section, (3) a nonrefundable license fee of
6153 one thousand dollars, and (4) a nonrefundable investigation fee of
6154 eight hundred dollars. The commissioner, in accordance with section
6155 29-17a, may conduct a state and national criminal history records
6156 check of the applicant and of each partner, member, officer, director
6157 and principal employee of such applicant.] except that the
6158 commissioner may waive such requirement in connection with any
6159 renewal application, provided the system requires annual reports of
6160 condition that capture financial statement information and the
6161 applicant has filed such information in accordance with section 36a-
6162 848, as amended by this act.

6163 (2) Each applicant for a student loan servicer license shall pay to the
6164 system any required fees or charges and a license fee of nine hundred
6165 dollars. Each such license shall expire at the close of business on
6166 December thirty-first of the year in which the license was approved,
6167 unless such license is renewed, and provided any such license
6168 approved on or after November first shall expire at the close of
6169 business on December thirty-first of the year following the year in
6170 which it is approved. An application for renewal of a license shall be
6171 filed between November first and December thirty-first of the year in
6172 which the license expires. Each applicant for renewal of a student loan
6173 servicer license shall pay to the system any required fees or charges
6174 and a renewal fee of nine hundred dollars.

6175 (3) Each license shall remain in force and effect until the license has
6176 been surrendered, revoked or suspended or has expired in accordance
6177 with the provisions of sections 36a-846 to 36a-854, inclusive, as

6178 amended by this act. No abatement of the license fee shall be made if
6179 the application is denied or withdrawn prior to issuance of the license
6180 or if the license is surrendered, revoked or suspended prior to the
6181 expiration of the period for which it was issued. All fees required by
6182 this section shall be nonrefundable.

6183 (c) Upon the filing of an application for an initial license and the
6184 payment of [the] required fees, [for license and investigation,] the
6185 commissioner shall investigate the financial condition and
6186 responsibility, financial and business experience, character and general
6187 fitness of the applicant. The commissioner may issue a license if the
6188 commissioner finds that:

6189 (1) The applicant's financial condition is sound;

6190 (2) The applicant's business will be conducted honestly, fairly,
6191 equitably, carefully and efficiently within the purposes and intent of
6192 sections 36a-846 to 36a-854, inclusive, as amended by this act, and in a
6193 manner commanding the confidence and trust of the community;

6194 (3) [(A) If the applicant is an individual, such individual is in all
6195 respects properly qualified and of good character, (B) if the applicant is
6196 a partnership, each partner is in all respects properly qualified and of
6197 good character, (C) if the applicant is a corporation or association, the
6198 president, chairperson of the executive committee, senior officer
6199 responsible for the corporation's business and chief financial officer or
6200 any other person who performs similar functions as determined by the
6201 commissioner, each director, each trustee and each shareholder
6202 owning ten per cent or more of each class of the securities of such
6203 corporation is in all respects properly qualified and of good character,
6204 or (D) if the applicant is a limited liability company, each member is in
6205 all respects properly qualified and of good character;] Each control
6206 person, qualified individual, branch manager and trustee of the
6207 applicant is in all respects properly qualified and of good character,
6208 including, but not limited to, assessment of such person's financial

6209 responsibility and any criminal convictions, provided any license
6210 denial based on a criminal conviction shall be subject to the provisions
6211 of section 46a-80;

6212 (4) No control person, qualified individual, branch manager or other
6213 person on behalf of the applicant knowingly has made any incorrect
6214 statement of a material fact in the application, or in any report or
6215 statement made pursuant to sections 36a-846 to 36a-854, inclusive, as
6216 amended by this act;

6217 (5) No control person, qualified individual, branch manager or other
6218 person on behalf of the applicant knowingly has omitted to state any
6219 material fact necessary to give the commissioner any information
6220 lawfully required by the commissioner;

6221 (6) The applicant has paid the [investigation fee and the license fee]
6222 fees required under subsection (b) of this section; and

6223 (7) The applicant has met any other similar requirements as
6224 determined by the commissioner.

6225 (d) [A license issued pursuant to subsection (c) of this section shall
6226 expire at the close of business on September thirtieth of the odd-
6227 numbered year following its issuance, unless renewed or earlier
6228 surrendered, suspended or revoked pursuant to sections 36a-846 to
6229 36a-854, inclusive.] Not later than fifteen days after a licensee ceases to
6230 engage in the business of student loan servicing in this state for any
6231 reason, including a business decision to terminate operations in this
6232 state, license revocation, bankruptcy or voluntary dissolution, such
6233 licensee [shall provide written notice of surrender to the commissioner
6234 and] shall surrender to the commissioner, in accordance with
6235 subsection (c) of section 36a-51, as amended by this act, its license for
6236 each location in which such licensee has ceased to engage in such
6237 business. The [written notice of surrender] licensee shall also identify
6238 to the commissioner, in writing, the location where the records of the
6239 licensee will be stored and the name, address and telephone number of

6240 an individual authorized to provide access to the records. The
6241 surrender of a license does not reduce or eliminate the licensee's civil
6242 or criminal liability arising from acts or omissions occurring prior to
6243 the surrender of the license, including any administrative actions
6244 undertaken by the commissioner to revoke or suspend a license, assess
6245 a civil penalty, order restitution or exercise any other authority
6246 provided to the commissioner.

6247 (e) [A license may be renewed for the ensuing twenty-four-month
6248 period upon the filing of an application containing all required
6249 documents and fees as provided in subsection (b) of this section. Such
6250 renewal application shall be filed on or before September first of the
6251 year in which the license expires. Any renewal application filed with
6252 the commissioner after September first shall be accompanied by a one-
6253 hundred-dollar late fee and any such filing shall be deemed to be
6254 timely and sufficient for purposes of subsection (b) of section 4-182.] If
6255 an application for a renewal license has been filed with the
6256 commissioner on or before the date the license expires, the license
6257 sought to be renewed shall continue in full force and effect until the
6258 issuance by the commissioner of the renewal license applied for or
6259 until the commissioner has notified the licensee in writing of the
6260 commissioner's refusal to issue such renewal license together with the
6261 grounds upon which such refusal is based. The commissioner may
6262 refuse to issue a renewal license (1) on any ground on which the
6263 commissioner might refuse to issue an initial license, or (2) if the
6264 applicant has not paid any required fee for renewal or has not paid any
6265 outstanding examination fees or other moneys due to the
6266 commissioner. The commissioner may adopt procedures for the
6267 reinstatement of expired licenses consistent with the standards
6268 established by the system.

6269 (f) [If the commissioner determines that a check filed with the
6270 commissioner to pay a license or renewal fee has been dishonored, the
6271 commissioner shall automatically suspend the license or the renewal
6272 license that has been issued but is not yet effective. The commissioner

6273 shall give the licensee notice of the automatic suspension pending
6274 proceedings for revocation or refusal to renew and an opportunity for
6275 a hearing on such actions in accordance with section 36a-51.] The
6276 commissioner may automatically suspend a license if the licensee
6277 receives a deficiency on the system indicating that a required payment
6278 was Returned-ACH or returned pursuant to such other term as may be
6279 utilized by the system to indicate that the payment was not accepted.
6280 After a license has been automatically suspended pursuant to this
6281 section, the commissioner shall (1) give such licensee notice of the
6282 automatic suspension, pending proceedings for revocation or refusal
6283 to renew pursuant to section 36a-852, as amended by this act, and an
6284 opportunity for a hearing on such action in accordance with section
6285 36a-51, as amended by this act, and (2) require such licensee to take or
6286 refrain from taking such action that, in the opinion of the
6287 commissioner, will effectuate the purposes of this section.

6288 (g) [The applicant or licensee shall notify the commissioner, in
6289 writing, of any change in the information provided in its initial
6290 application for a license or its most recent renewal application for such
6291 license, as applicable, not later than ten business days after the
6292 occurrence of the event that results in such information becoming
6293 inaccurate.] Except as specified in section 36a-848, as amended by this
6294 act, the applicant or licensee, and each individual designated as a
6295 control person, qualified individual or branch manager, shall file to the
6296 system any change in the information such applicant, licensee, control
6297 person, qualified individual or branch manager most recently
6298 submitted to the system in connection with the application or license,
6299 or, if the information cannot be filed on the system, notify the
6300 commissioner of such change, in writing, within fifteen days from the
6301 applicant, licensee, control person, qualified individual or branch
6302 manager had reason to know of the change.

6303 (h) The commissioner may deem an application for a license
6304 abandoned if the applicant fails to respond to any request for
6305 information required under sections 36a-846 to 36a-854, inclusive, as

6306 amended by this act, or any regulations adopted pursuant to said
6307 sections. The commissioner shall notify the applicant [, in writing,] on
6308 the system that if the applicant fails to submit such information not
6309 later than sixty days after the date on which such request for
6310 information was made, the application shall be deemed abandoned.
6311 An application filing fee paid prior to the date an application is
6312 deemed abandoned pursuant to this subsection shall not be refunded.
6313 Abandonment of an application pursuant to this subsection shall not
6314 preclude the applicant from submitting a new application for a license
6315 under the provisions of sections 36a-846 to 36a-854, inclusive, as
6316 amended by this act.

6317 Sec. 86. Section 36a-848 of the general statutes is repealed and the
6318 following is substituted in lieu thereof (*Effective October 1, 2018*):

6319 (a) No person licensed to act within this state as a student loan
6320 servicer shall do so under any other name or at any other place of
6321 business than that named in the license. [Any change of location of a
6322 place of business of a licensee shall require prior written notice to the
6323 commissioner.] No licensee may use any name other than its legal
6324 name or a fictitious name approved by the commissioner, provided
6325 such licensee may not use its legal name if the commissioner
6326 disapproves use of such name. A licensee may change the name of the
6327 licensee or address of the office specified on the most recent filing with
6328 the system if, at least thirty calendar days prior to such change, the
6329 licensee files such change with the system and the commissioner does
6330 not disapprove such change, in writing, or request further information
6331 from the licensee within such thirty-day period. Not more than one
6332 place of business shall be maintained under the same license but the
6333 commissioner may issue more than one license to the same licensee
6334 upon compliance with the provisions of sections 36a-846 to 36a-854,
6335 inclusive, as amended by this act, as to each new licensee.

6336 (b) A license shall not be transferable or assignable. Any change in
6337 any control person shall be the subject of an advance change notice

6338 filed on the system at least sixty days prior to the effective date of such
6339 change and any change shall not occur without the commissioner's
6340 approval.

6341 (c) The commissioner may automatically suspend any license for a
6342 violation of subsection (a) or (b) of this section. After the license has
6343 been automatically suspended pursuant to this subsection, the
6344 commissioner shall (1) give the licensee notice of such automatic
6345 suspension pending proceedings for revocation of or refusal to renew
6346 the license pursuant to section 36a-852, as amended by this act, and an
6347 opportunity for a hearing in accordance with section 36a-51, as
6348 amended by this act, and (2) require the licensee to take or refrain from
6349 taking action that, in the opinion of the commissioner, is necessary to
6350 effectuate the purpose of this section.

6351 (d) A student loan servicer licensee shall file on the system or, if the
6352 information cannot be filed on the system, notify the commissioner, in
6353 writing, of the occurrence of any of the following developments within
6354 fifteen days of the date the licensee had reason to know of the
6355 occurrence of any of the following developments:

6356 (1) Filing for bankruptcy or the consummation of a corporate
6357 restructuring of the licensee;

6358 (2) Filing of a criminal indictment against the licensee in any way
6359 related to the student loan servicer activities of the licensee, or
6360 receiving notification of the filing of any criminal felony indictment or
6361 felony conviction of any control person, branch manager or qualified
6362 individual of the licensee;

6363 (3) Receiving notification of the institution of license denial, cease
6364 and desist, suspension or revocation procedures, or other formal or
6365 informal action by any governmental agency against the licensee or
6366 any control person, branch manager or qualified individual of the
6367 licensee and the reasons therefor;

6368 (4) Receiving notification of the initiation of any action against the
6369 licensee or any control person, branch manager or qualified individual
6370 of the licensee by the Attorney General or the attorney general of any
6371 other state and the reasons therefor; or

6372 (5) Receiving notification of filing for bankruptcy of any control
6373 person, branch manager or qualified individual of the licensee.

6374 (e) Any person filing or submitting any information on the system
6375 shall do so in accordance with the procedures and requirements of the
6376 system and shall pay the applicable fees or charges to the system. Each
6377 student loan servicer licensee shall, to the extent required by the
6378 system, timely submit to the system accurate reports of condition that
6379 shall be in such form and shall contain such information as the system
6380 may require. Failure by a licensee to submit a timely and accurate
6381 report of condition shall constitute a violation of this provision.

6382 (f) The unique identifier of any person licensed under section 36a-
6383 847, as amended by this act, shall be clearly shown on all solicitations
6384 or advertisements, including business cards or web sites, and any
6385 other documents as established by rule, regulation or order of the
6386 commissioner, and shall be clearly stated in all audio solicitations or
6387 advertisements. The solicitations or advertisements of any person
6388 licensed under section 36a-847, as amended by this act: (1) Shall not
6389 include any statement that such person is endorsed in any way by this
6390 state, except that such solicitations or advertisements may include a
6391 statement that such person is licensed in this state; (2) shall not include
6392 any statement or claim that is deceptive, false or misleading; (3) shall
6393 otherwise conform to the requirements of sections 36a-846 to 36a-854,
6394 inclusive, as amended by this act, any regulations issued thereunder
6395 and any other applicable law; and (4) shall be retained for two years
6396 from the date of use of such solicitation or advertisement.

6397 Sec. 87. Section 36a-850 of the 2018 supplement to the general
6398 statutes is repealed and the following is substituted in lieu thereof

6399 (Effective October 1, 2018):

6400 No person who is required to be licensed and who is subject to the
6401 provisions of sections 36a-846 to 36a-854, inclusive, as amended by this
6402 act, and no control person shall, directly or indirectly:

6403 (1) Employ any scheme, device or artifice to defraud or mislead
6404 student loan borrowers;

6405 (2) Engage in any unfair or deceptive practice toward any person or
6406 misrepresent or omit any material information in connection with the
6407 servicing of a student education loan, including, but not limited to,
6408 misrepresenting the amount, nature or terms of any fee or payment
6409 due or claimed to be due on a student education loan, the terms and
6410 conditions of the loan agreement or the borrower's obligations under
6411 the loan;

6412 (3) Obtain property by fraud or misrepresentation;

6413 (4) Knowingly misapply or recklessly apply student education loan
6414 payments to the outstanding balance of a student education loan;

6415 (5) Knowingly or recklessly provide inaccurate information to a
6416 credit bureau, thereby harming a student loan borrower's
6417 creditworthiness;

6418 (6) Fail to report both the favorable and unfavorable payment
6419 history of the student loan borrower to a nationally recognized
6420 consumer credit bureau at least annually if the student loan servicer
6421 licensee regularly reports information to a credit bureau;

6422 (7) Refuse to communicate with an authorized representative of the
6423 student loan borrower who provides a written authorization signed by
6424 the student loan borrower, provided the student loan servicer licensee
6425 may adopt procedures reasonably related to verifying that the
6426 representative is in fact authorized to act on behalf of the student loan
6427 borrower;

6428 (8) Negligently make any false statement or knowingly and wilfully
6429 make any omission of a material fact in connection with any
6430 information or reports filed with a governmental agency or in
6431 connection with any investigation conducted by the commissioner or
6432 another governmental agency; [or]

6433 (9) Fail to establish, enforce and maintain policies and procedures
6434 for supervising employees, agents and office operations that are
6435 reasonably designed to achieve compliance with applicable student
6436 loan servicing laws and regulations; or

6437 (10) Fail to comply with the service standards set by the
6438 commissioner in accordance with section 59 of public act 16-65.

6439 Sec. 88. Section 36a-852 of the general statutes is repealed and the
6440 following is substituted in lieu thereof (*Effective October 1, 2018*):

6441 (a) The commissioner may suspend, revoke or refuse to renew any
6442 license issued under [the provisions of subsection (c) of] section 36a-
6443 847, as amended by this act, or take any other action, in accordance
6444 with section 36a-51, as amended by this act, if the commissioner finds
6445 that (1) the licensee or any control person, qualified individual, branch
6446 manager, trustee, employee or agent of the licensee has violated any
6447 provision of [sections 36a-846 to 36a-854, inclusive,] this title or of any
6448 regulation or order [lawfully made pursuant to and within the
6449 authority of said sections,] adopted or issued pursuant thereto, and
6450 pertaining to any such person, or any other law or regulation
6451 applicable to the conduct of such licensee's student loan servicing
6452 business, or (2) any fact or condition exists which, if it had existed at
6453 the time of the original application for the license, clearly would have
6454 warranted a denial of such license. [No abatement of the license fee
6455 shall be made if the license is surrendered, revoked or suspended prior
6456 to the expiration of the period for which it was issued.]

6457 (b) Whenever it appears to the commissioner that any (1) person has
6458 violated, is violating or is about to violate any of the provisions of

6459 sections 36a-846 to 36a-854, inclusive, as amended by this act, or any
6460 regulation adopted pursuant to said sections, [or] (2) person is, was or
6461 would be a cause of the violation of any such provision or regulation
6462 due to an act or omission such person knew or should have known
6463 would contribute to such violation, or (3) any licensee or any [owner,
6464 director, officer, member, partner, shareholder] control person,
6465 qualified individual, branch manager, trustee, employee or agent of
6466 such licensee has committed any fraud, engaged in dishonest activities
6467 or made any misrepresentation, the commissioner may take action
6468 against such person or licensee in accordance with sections 36a-50 and
6469 36a-52.

6470 (c) The commissioner may order a licensee to remove any individual
6471 conducting business under sections 36a-846 to 36a-854, inclusive, as
6472 amended by this act, from office and from employment or retention as
6473 an independent contractor in the student loan servicer business in this
6474 state in accordance with section 5 of this act.

6475 (d) The commissioner may issue a temporary order to cease
6476 business under a license if the commissioner determines that such
6477 license was issued erroneously. Such temporary order shall be issued
6478 in accordance with subsection (j) of section 36a-24b.

6479 Sec. 89. Subsection (b) of section 36a-59 of the general statutes is
6480 repealed and the following is substituted in lieu thereof (*Effective*
6481 *October 1, 2018*):

6482 (b) The commissioner may enter into cooperative, coordinating or
6483 information-sharing agreements with any other state or federal
6484 supervisory agency or any organization affiliated with or representing
6485 such supervisory agency with respect to the examination, examination
6486 fees or other supervision of any person subject to the provisions of
6487 sections 36a-485 to [36a-812] 36a-854, inclusive, as amended by this act.
6488 Any such agreement may include provisions concerning the
6489 assessment or sharing of fees for such examination or supervision.

6490 Sec. 90. Section 36a-544 of the general statutes is repealed and the
6491 following is substituted in lieu thereof (*Effective October 1, 2018*):

6492 (a) The commissioner may adopt regulations, in accordance with
6493 chapter 54, as necessary to carry out the provisions of sections 36a-535
6494 to [36a-546] 36a-547, inclusive, as amended by this act, including the
6495 defining of any terms, whether or not used in said sections, so far as
6496 the definitions are not inconsistent with the provisions of said sections.

6497 (b) No regulation may be adopted under this section unless the
6498 commissioner finds that the action is necessary or appropriate in the
6499 public interest or for the protection of purchasers and consistent with
6500 the purposes fairly intended by the policy and provisions of sections
6501 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act.

6502 Sec. 91. Section 36a-546 of the general statutes is repealed and the
6503 following is substituted in lieu thereof (*Effective October 1, 2018*):

6504 Any individual, corporation, partnership, limited partnership,
6505 association or other unincorporated enterprise, and any responsible
6506 officer, partner or employee thereof, who wilfully fails to comply with
6507 or violates any of the provisions of sections 36a-535 to [36a-545] 36a-
6508 547, inclusive, as amended by this act, or who engages in business as a
6509 sales finance company without being licensed as a sales finance
6510 company by the commissioner in accordance with the provisions of
6511 said sections, shall be fined not more than five hundred dollars or
6512 imprisoned not more than six months or both.

6513 Sec. 92. Section 36a-489a of the 2018 supplement to the general
6514 statutes, as amended by section 8 of public act 17-233, is repealed and
6515 the following is substituted in lieu thereof (*Effective January 1, 2019*):

6516 (a) (1) In order to meet the prelicensing education and testing
6517 requirements referred to in [sections 36a-488 and] section 36a-489, as
6518 amended by this act, an individual shall complete:

6519 (A) At least twenty hours of education approved in accordance with
6520 subdivision (2) of this subsection, which shall include at least (i) three
6521 hours of instruction on relevant federal law and regulations; (ii) three
6522 hours of ethics training, including instruction on fraud, consumer
6523 protection and fair lending issues; and (iii) two hours of training
6524 related to lending standards for the nontraditional mortgage product
6525 marketplace.

6526 (B) At least one hour of education approved in accordance with
6527 subdivision (2) of this subsection on relevant Connecticut law.

6528 (2) For purposes of subdivision (1) of this subsection, prelicensing
6529 education courses shall be reviewed and approved by the system
6530 based upon reasonable standards. Review and approval of a
6531 prelicensing education course shall include review and approval of the
6532 course provider.

6533 (3) Nothing in this subsection shall preclude any prelicensing
6534 education course, as approved by the system, that is provided by the
6535 sponsor or employer of the individual or an entity which is affiliated
6536 with the individual by an agency contract, or any subsidiary or affiliate
6537 of such sponsor, employer or entity.

6538 (4) Prelicensing education may be offered either in a classroom,
6539 online or by any other means approved by the system.

6540 (5) When prelicensing education requirements described in
6541 subdivision (1) of this subsection are completed in another state, such
6542 out-of-state prelicensing education requirements shall be accepted as
6543 credit towards completion of the prelicensing education requirements
6544 of this state, provided such out-of-state prelicensing education
6545 requirements are approved by the system.

6546 (6) (A) An individual previously licensed under section 36a-489, as
6547 amended by this act, [subsequent to the applicable effective date of the
6548 prelicensing and testing requirements referred to in section 36a-489,]

6549 who is applying to be relicensed shall prove that such individual has
6550 completed [all of the] any continuing education requirements [for the
6551 year in which] in effect when the license was last held, except that an
6552 individual required to retake prelicensing education pursuant to
6553 subparagraph (B) of subdivision (7) and subparagraph (B) of
6554 subdivision (8) of this subsection shall not be required to complete any
6555 outstanding continuing education requirements.

6556 (B) An individual who previously held a position as a qualified
6557 individual or branch manager, [subsequent to the applicable effective
6558 date of the prelicensing and testing requirements referred to in section
6559 36a-488,] at a time when such individual was not required to be
6560 licensed as a mortgage loan originator, may not hold such position
6561 again until such individual has completed all of the continuing
6562 education requirements for the year in which such individual last held
6563 such position and, effective November 1, 2012, has obtained the
6564 required mortgage loan originator license.

6565 (7) (A) If an individual has not obtained a mortgage loan originator
6566 license in any state or an active federal registration by the date that is
6567 three years from the date such individual completed twenty hours of
6568 prelicensing education pursuant to subparagraph (A) of subdivision
6569 (1) of this subsection, such individual shall be required to retake
6570 twenty hours of prelicensing education in accordance with
6571 subparagraph (A) of subdivision (1) of this subsection prior to being
6572 licensed as either a mortgage loan originator or a loan processor or
6573 underwriter.

6574 (B) If an individual previously held but no longer holds an
6575 approved mortgage loan originator license in any state or an active
6576 federal registration, such individual shall obtain a mortgage loan
6577 originator license in any state or an active federal registration not later
6578 than three years from the date such individual last held such license or
6579 registration, or such individual shall retake twenty hours of
6580 prelicensing education in accordance with subparagraph (A) of

6581 subdivision (1) of this subsection prior to being licensed as a mortgage
6582 loan originator or loan processor or underwriter.

6583 (8) (A) If an individual has not obtained a mortgage loan originator
6584 license or a loan processor or underwriter license in this state by the
6585 date that is three years from the date such individual completed one
6586 hour of Connecticut specific prelicensing education pursuant to
6587 subparagraph (B) of subdivision (1) of this subsection, such individual
6588 shall retake one hour of Connecticut specific prelicensing education
6589 prior to being licensed as a mortgage loan originator or loan processor
6590 or underwriter.

6591 (B) If an individual previously held but no longer holds an
6592 approved mortgage loan originator license or loan processor or
6593 underwriter license in this state, such individual shall obtain a
6594 mortgage loan originator license or loan processor or underwriter
6595 license in this state not later than three years from the date such
6596 individual last held such license, or such individual shall be required
6597 to retake one hour of Connecticut specific prelicensing education in
6598 accordance with subparagraph (B) of subdivision (1) of this subsection
6599 prior to being licensed as a mortgage loan originator or loan processor
6600 or underwriter.

6601 (b) (1) In order to meet the written test requirements referred to in
6602 [sections 36a-488 and] section 36a-489, as amended by this act, an
6603 individual shall pass, in accordance with the standards established
6604 under this subsection, a qualified written test developed by the system
6605 and administered by a test provider approved by the system based
6606 upon reasonable standards.

6607 (2) A written test shall not be treated as a qualified written test for
6608 purposes of subdivision (1) of this subsection unless the test
6609 adequately measures the individual's knowledge and comprehension
6610 in appropriate subject areas, including ethics, federal law and
6611 regulation pertaining to mortgage origination, state law and regulation

6612 pertaining to mortgage origination, and federal and state law and
6613 regulation, including instruction on fraud, consumer protection, the
6614 nontraditional mortgage marketplace and fair lending issues.

6615 (3) Nothing in this subsection shall prohibit a test provider
6616 approved by the system from providing a test at the location of the
6617 sponsor or employer, any subsidiary or affiliate of the sponsor or
6618 employer or any entity with which the individual holds an exclusive
6619 arrangement to conduct the business of a mortgage loan originator.

6620 (4) (A) An individual shall not be considered to have passed a
6621 qualified written test unless the individual achieves a test score of not
6622 less than seventy-five per cent correct answers to questions.

6623 (B) An individual may retake a test three consecutive times with
6624 each consecutive taking occurring at least thirty days after the
6625 preceding test. After failing three consecutive tests, an individual shall
6626 wait at least six months before taking the test again.

6627 (C) (i) An individual who was previously licensed [subsequent to
6628 the applicable effective date of the prelicensing and testing
6629 requirements referred to in section 36a-489] as a mortgage loan
6630 originator who completed the test in connection with such license and
6631 who has not been licensed as a mortgage loan originator within the
6632 five-year period preceding the date of the filing of such individual's
6633 application for a mortgage loan originator license, not taking into
6634 account any time during which such individual [is] was a registered
6635 mortgage loan originator, shall retake such test; and (ii) [effective
6636 October 1, 2011,] an individual previously licensed as a loan processor
6637 or underwriter who applies to be licensed again shall retake the test if
6638 such individual has not been licensed as a loan processor or
6639 underwriter within the five-year period preceding the date of the filing
6640 of such application, not taking into account any time during which
6641 such individual [is] was engaged in loan processing or underwriting
6642 but not required to be licensed under subdivision (3) of subsection (b)

6643 of section 36a-486.

6644 (c) (1) In order to meet the annual continuing education
6645 requirements referred to in [subsections (a) and] subsection (b) of
6646 section 36a-489, as amended by this act, a licensed mortgage loan
6647 originator, a qualified individual or branch manager and [, effective
6648 October 1, 2011,] a licensed loan processor or underwriter, shall
6649 complete at least eight hours of education approved in accordance
6650 with subdivision (2) of this subsection. Such courses shall include at
6651 least (A) three hours of instruction on relevant federal law and
6652 regulation; (B) two hours of ethics, including instruction on fraud,
6653 consumer protection and fair lending issues; (C) two hours of training
6654 related to lending standards for the nontraditional mortgage product
6655 marketplace; and (D) effective January 1, 2015, one hour of relevant
6656 Connecticut law.

6657 (2) For purposes of subdivision (1) of this subsection, continuing
6658 education courses shall be reviewed and approved by the system
6659 based upon reasonable standards. Review and approval of a
6660 continuing education course shall include review and approval of the
6661 course provider.

6662 (3) Nothing in this subsection shall preclude any education course
6663 approved by the system that is provided by the sponsor or employer
6664 or an entity that is affiliated with the mortgage loan originator,
6665 qualified individual, [or] branch manager or [, effective October 1,
6666 2011,] loan processor or underwriter by an agency contract, or by any
6667 subsidiary or affiliate of such sponsor, employer or entity.

6668 (4) Continuing education may be offered either in a classroom,
6669 online or by any other means approved by the system.

6670 (5) Except as provided in procedures adopted under subsections (a)
6671 and (b) of section 36a-489, as amended by this act, or in regulations
6672 adopted under subdivision (9) of this subsection, a licensed mortgage
6673 loan originator, qualified individual, [or] branch manager or [,

6674 effective October 1, 2011,] a licensed loan processor or underwriter,
6675 may only receive credit for a continuing education course in the year
6676 for which the course is taken, and may not take the same approved
6677 course in the same or successive years to meet the annual requirements
6678 for continuing education.

6679 (6) A licensed mortgage loan originator [or] a qualified individual,
6680 [or] a branch manager or [effective October 1, 2011,] a licensed loan
6681 processor or underwriter who is an approved instructor of an
6682 approved continuing education course may receive credit for the
6683 licensee's own annual continuing education requirement at the rate of
6684 two hours credit for every one hour taught.

6685 (7) When education requirements described in subparagraphs (A)(i)
6686 to (A)(iii), inclusive, of subdivision (1) of subsection (a) of this section
6687 are completed in another state, such out-of-state education
6688 requirements shall be accepted as credit towards completion of the
6689 education requirements of this state, provided such out-of-state
6690 education requirements are approved by the system.

6691 (8) A licensed mortgage loan originator and [effective October 1,
6692 2011,] a licensed loan processor or underwriter who subsequently
6693 becomes unlicensed must complete the continuing education
6694 requirements for the last year in which the license was held prior to
6695 issuance of an initial or renewed license. A qualified individual or
6696 branch manager who ceases to hold such position shall complete the
6697 continuing education requirements for the last year in which such
6698 individual or branch manager held such position prior to licensure as a
6699 mortgage loan originator.

6700 (9) A person who meets the requirements of subparagraphs (A)(i)
6701 and [(A)(iii)] (A)(ii) of subdivision (2) of subsection (a) or
6702 subparagraphs (A)(i) and (A)(iii) of subdivision (2) of subsection (b) of
6703 section 36a-489, as amended by this act, may compensate for any
6704 deficiency in an individual's continuing education requirements

6705 pursuant to regulations adopted by the commissioner.

6706 (d) For purposes of this section "nontraditional mortgage product"
6707 means any mortgage product other than a thirty-year fixed rate
6708 mortgage.

6709 Sec. 93. Subsection (a) of section 36a-679 of the general statutes is
6710 repealed and the following is substituted in lieu thereof (*Effective*
6711 *October 1, 2018*):

6712 (a) The commissioner may adopt regulations, in accordance with
6713 chapter 54, to carry out the provisions of the Connecticut Truth-in-
6714 Lending Act, [sections 36a-567, 36a-568,] subdivision (13) of subsection
6715 (c) of section 36a-770, and sections 36a-771, 36a-774 and 36a-777. Such
6716 regulations shall be consistent with the policy of this state as provided
6717 in section 36a-677 and the Consumer Credit Protection Act.

6718 Sec. 94. Section 36a-497 of the 2018 supplement to the general
6719 statutes is repealed and the following is substituted in lieu thereof
6720 (*Effective October 1, 2018*):

6721 (a) No mortgage lender licensee, mortgage correspondent lender
6722 licensee or mortgage broker licensee shall:

6723 (1) Advertise or cause to be advertised in this state, any residential
6724 mortgage loan in which such person intends to act only as a mortgage
6725 broker unless the advertisement includes the following statement,
6726 clearly and conspicuously expressed: [MORTGAGE] "MORTGAGE
6727 BROKER ONLY, NOT A MORTGAGE LENDER OR MORTGAGE
6728 CORRESPONDENT [LENDER] LENDER"; or

6729 (2) In connection with an advertisement in this state, use (A) a
6730 simulated check; (B) a comparison between the loan payments under
6731 the residential mortgage loan offered and the loan payments under a
6732 hypothetical loan or extension of credit, unless the advertisement
6733 includes, with respect to both the hypothetical loan or extension of

6734 credit and the residential mortgage loan being offered, the interest rate,
6735 the loan balance, the total amount of finance charges, the total number
6736 of payments and the monthly payment amount that would be required
6737 to pay off the outstanding loan balance shown; (C) representations
6738 such as "verified as eligible", "eligible", "preapproved", "prequalified"
6739 or similar words or phrases, without also disclosing, in immediate
6740 proximity to and in similar size print, language which sets forth
6741 prerequisites to qualify for the residential mortgage loan, including,
6742 but not limited to, income verification, credit check, and property
6743 appraisal or evaluation; or (D) any words or symbols in the
6744 advertisement or on the envelope containing the advertisement that
6745 give the appearance that the mailing was sent by a government
6746 agency.

6747 (b) (1) Each lead generator licensee shall include the following
6748 statement in all advertisements of residential mortgage loans and
6749 solicitations of leads by mail, electronic mail or through such licensee's
6750 web site, clearly and conspicuously expressed: "LEAD GENERATOR
6751 ONLY, NOT ACTING IN THE CAPACITY OF A MORTGAGE LOAN
6752 ORIGINATOR, MORTGAGE BROKER, MORTGAGE
6753 CORRESPONDENT LENDER OR MORTGAGE LENDER.
6754 INFORMATION RECEIVED WILL BE SHARED WITH ONE OR
6755 MORE THIRD PARTIES IN CONNECTION WITH YOUR
6756 RESIDENTIAL MORTGAGE LOAN INQUIRY."

6757 (2) No person required to be licensed as a lead generator shall: (A)
6758 Accept payment of any advance fee, as defined in section 36a-485, as
6759 amended by this act, in connection with a residential mortgage loan, or
6760 (B) use, sell, lease, exchange or otherwise [transferor] transfer or
6761 release information received from a consumer in connection with a
6762 residential mortgage loan inquiry for purposes other than as necessary
6763 to facilitate a residential mortgage loan transaction.

6764 Sec. 95. (*Effective October 1, 2018*) On or before January 1, 2019, the
6765 Banking Commissioner shall submit a report, in accordance with the

6766 provisions of section 11-4a of the general statutes, to the joint standing
6767 committee of the General Assembly having cognizance of matters
6768 relating to banking concerning the status of the Student Loan
6769 Ombudsman designated under section 36a-25 of the general statutes.

6770 Sec. 96. Subsection (d) of section 36a-558 of the 2018 supplement to
6771 the general statutes is repealed and the following is substituted in lieu
6772 thereof (*Effective October 1, 2018*):

6773 (d) Small loans that are the subject of the activities set forth in
6774 subsections (a) and (b) of this section shall not contain:

6775 (1) For a small loan that is under five thousand dollars, an annual
6776 percentage rate that exceeds the lesser of thirty-six per cent or the
6777 maximum annual percentage rate for interest that is permitted with
6778 respect to the consumer credit extended under the Military Lending
6779 Act, 10 USC 987 et seq., as amended from time to time, or for a small
6780 loan that is between five thousand and fifteen thousand dollars, an
6781 annual percentage rate that exceeds twenty-five per cent;

6782 (2) For other than an open-end small loan, a provision that increases
6783 the interest rate due to payment default;

6784 (3) A payment schedule with regular periodic payments that when
6785 aggregated do not fully amortize the outstanding principal balance;

6786 (4) A payment schedule with regular periodic payments that cause
6787 the principal balance to increase;

6788 (5) A payment schedule that consolidates more than two periodic
6789 payments and pays them in advance from the proceeds, unless such
6790 payments are required to be escrowed by a governmental agency;

6791 (6) A prepayment penalty;

6792 (7) An adjustable rate provision;

6793 (8) A waiver of participation in a class action or a provision
 6794 requiring a borrower, whether acting individually or on behalf of
 6795 others similarly situated, to assert any claim or defense in a nonjudicial
 6796 forum that: (A) Utilizes principles that are inconsistent with the law as
 6797 set forth in the general statutes or common law; or (B) limits any claim
 6798 or defense the borrower may have;

6799 (9) A call provision that permits the lender, in its sole discretion, to
 6800 accelerate the indebtedness, except when repayment of the loan is
 6801 accelerated by a bona fide default pursuant to a due-on-sale clause;

6802 (10) A security interest, except as provided in subsection (e) of this
 6803 section; or

6804 (11) Fees or charges of any kind, except as expressly permitted by
 6805 subsection (e) of this section.

6806 Sec. 97. Section 36a-498f of the 2018 supplement to the general
 6807 statutes is repealed. (*Effective October 1, 2018*)

6808 Sec. 98. Sections 36a-572 and 36a-719i of the general statutes are
 6809 repealed. (*Effective October 1, 2018*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2018</i>	36a-1
Sec. 2	<i>October 1, 2018</i>	36a-3
Sec. 3	<i>October 1, 2018</i>	36a-17
Sec. 4	<i>October 1, 2018</i>	36a-51(c)
Sec. 5	<i>October 1, 2018</i>	New section
Sec. 6	<i>October 1, 2018</i>	36a-65(c)(6)
Sec. 7	<i>October 1, 2018</i>	36a-485
Sec. 8	<i>October 1, 2018</i>	36a-486(a)
Sec. 9	<i>October 1, 2018</i>	36a-487
Sec. 10	<i>October 1, 2018</i>	36a-488
Sec. 11	<i>October 1, 2018</i>	36a-489
Sec. 12	<i>October 1, 2018</i>	36a-490

Sec. 13	<i>October 1, 2018</i>	36a-492
Sec. 14	<i>October 1, 2018</i>	36a-493
Sec. 15	<i>October 1, 2018</i>	36a-494
Sec. 16	<i>October 1, 2018</i>	36a-496
Sec. 17	<i>October 1, 2018</i>	36a-498
Sec. 18	<i>October 1, 2018</i>	36a-498a(a)
Sec. 19	<i>October 1, 2018</i>	36a-498d
Sec. 20	<i>October 1, 2018</i>	36a-498e
Sec. 21	<i>October 1, 2018</i>	36a-498g
Sec. 22	<i>October 1, 2018</i>	36a-534b
Sec. 23	<i>October 1, 2018</i>	36a-535
Sec. 24	<i>October 1, 2018</i>	36a-536
Sec. 25	<i>October 1, 2018</i>	36a-537
Sec. 26	<i>October 1, 2018</i>	36a-539
Sec. 27	<i>October 1, 2018</i>	36a-540
Sec. 28	<i>October 1, 2018</i>	36a-541
Sec. 29	<i>October 1, 2018</i>	36a-542
Sec. 30	<i>October 1, 2018</i>	36a-543
Sec. 31	<i>October 1, 2018</i>	36a-557(a)(4)
Sec. 32	<i>October 1, 2018</i>	36a-557(c)
Sec. 33	<i>October 1, 2018</i>	36a-560(3)
Sec. 34	<i>October 1, 2018</i>	36a-562
Sec. 35	<i>October 1, 2018</i>	36a-564
Sec. 36	<i>October 1, 2018</i>	36a-565(e) and (f)
Sec. 37	<i>October 1, 2018</i>	36a-566
Sec. 38	<i>October 1, 2018</i>	36a-567
Sec. 39	<i>October 1, 2018</i>	36a-568(b)
Sec. 40	<i>October 1, 2018</i>	36a-570
Sec. 41	<i>October 1, 2018</i>	36a-573
Sec. 42	<i>October 1, 2018</i>	36a-580
Sec. 43	<i>October 1, 2018</i>	36a-581
Sec. 44	<i>October 1, 2018</i>	36a-582
Sec. 45	<i>October 1, 2018</i>	36a-583
Sec. 46	<i>October 1, 2018</i>	36a-584(c)
Sec. 47	<i>October 1, 2018</i>	36a-586
Sec. 48	<i>October 1, 2018</i>	36a-587
Sec. 49	<i>October 1, 2018</i>	36a-596
Sec. 50	<i>October 1, 2018</i>	36a-597(a)
Sec. 51	<i>October 1, 2018</i>	36a-598

Sec. 52	<i>October 1, 2018</i>	36a-599
Sec. 53	<i>October 1, 2018</i>	36a-600
Sec. 54	<i>October 1, 2018</i>	36a-601
Sec. 55	<i>October 1, 2018</i>	36a-602(c)
Sec. 56	<i>October 1, 2018</i>	36a-605
Sec. 57	<i>October 1, 2018</i>	36a-606
Sec. 58	<i>October 1, 2018</i>	36a-607(a)
Sec. 59	<i>October 1, 2018</i>	36a-608
Sec. 60	<i>October 1, 2018</i>	36a-611
Sec. 61	<i>October 1, 2018</i>	36a-612
Sec. 62	<i>October 1, 2018</i>	36a-655
Sec. 63	<i>October 1, 2018</i>	36a-656
Sec. 64	<i>October 1, 2018</i>	36a-657
Sec. 65	<i>October 1, 2018</i>	36a-658
Sec. 66	<i>October 1, 2018</i>	36a-664
Sec. 67	<i>October 1, 2018</i>	36a-671
Sec. 68	<i>October 1, 2018</i>	36a-671a
Sec. 69	<i>October 1, 2018</i>	36a-671d
Sec. 70	<i>October 1, 2018</i>	36a-715(2)
Sec. 71	<i>October 1, 2018</i>	36a-718
Sec. 72	<i>October 1, 2018</i>	36a-719
Sec. 73	<i>October 1, 2018</i>	36a-719a
Sec. 74	<i>October 1, 2018</i>	36a-719c
Sec. 75	<i>October 1, 2018</i>	36a-719e
Sec. 76	<i>October 1, 2018</i>	36a-719h(a)(19)
Sec. 77	<i>October 1, 2018</i>	36a-719j
Sec. 78	<i>October 1, 2018</i>	36a-800
Sec. 79	<i>October 1, 2018</i>	36a-801
Sec. 80	<i>October 1, 2018</i>	36a-802
Sec. 81	<i>October 1, 2018</i>	36a-804
Sec. 82	<i>October 1, 2018</i>	36a-805(a)
Sec. 83	<i>October 1, 2018</i>	36a-811(b)
Sec. 84	<i>October 1, 2018</i>	36a-846
Sec. 85	<i>October 1, 2018</i>	36a-847
Sec. 86	<i>October 1, 2018</i>	36a-848
Sec. 87	<i>October 1, 2018</i>	36a-850
Sec. 88	<i>October 1, 2018</i>	36a-852
Sec. 89	<i>October 1, 2018</i>	36a-59(b)
Sec. 90	<i>October 1, 2018</i>	36a-544

Sec. 91	<i>October 1, 2018</i>	36a-546
Sec. 92	<i>January 1, 2019</i>	36a-489a
Sec. 93	<i>October 1, 2018</i>	36a-679(a)
Sec. 94	<i>October 1, 2018</i>	36a-497
Sec. 95	<i>October 1, 2018</i>	New section
Sec. 96	<i>October 1, 2018</i>	36a-558(d)
Sec. 97	<i>October 1, 2018</i>	Repealer section
Sec. 98	<i>October 1, 2018</i>	Repealer section

Statement of Purpose:

To (1) centralize certain Banking Commissioner authorities existing in mortgage and nonmortgage licensing provisions, (2) make such authorities applicable to mortgage and nonmortgage entities that obtain licenses through the Nationwide Multistate Licensing System and Registry, and (3) reduce redundancy in the banking statutes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]